

Hire and Rental Industry Association Ltd

NEW TO HIRE GUIDE

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Purpose of this Guide

The **New to Hire Guide** from the Hire and Rental Industry Association Ltd in Australia (HRIA) is designed to help those:

- Who are thinking about opening an equipment rental business (construction & industrial equipment, general tool, and/or event equipment).
- Who are expanding their current business to include an equipment hire business segment.

This guide offers a valuable overview of what needs to be considered when making the move into this dynamic industry.

Reasons People Rent

It is important to understand the reasons why people rent and why there is a need for equipment hire businesses before you start your business. The equipment hire industry is unique in that it offers individuals and companies the opportunity to gain the benefit of using goods (from backhoes and chain saws to tents) for a specific purpose without being burdened with all of the challenges of actually owning that equipment or resource.

For example, hiring offers customers the ability to:

- Increase the size of their construction fleet without the challenges and high cost of ownership. They can expense the cost of hire equipment as it occurs rather than capitalize the purchase.
- Finish projects, such as sanding a wood floor, using the right tool at the right time and, ultimately, saving time without the cost of ownership.
- Create the party or wedding of their dreams using all of the latest trends without being left with 200 centrepieces at the end of the event!
- Comply with recommended Safety standards and regulations.
- Re-use resources efficiently.



Size of the Industry

Before jumping into the industry, it is important to know more about it. The hire industry is dynamic and growing, offering opportunities for those who are dedicated and committed to providing excellent products and services to their customers. Total hire revenues for Australia are projected to be in excess of \$5 billion in 2018.

Segments of the Industry

The equipment hire industry consists of three main categories:

- **Construction and Industrial Equipment**
 This category is almost exclusively rented by construction firms or contractors. It includes earthmoving equipment, such as excavators, loaders, backhoes and compaction machinery, to light towers and aerial work platforms for work on large construction jobs, including road infrastructure, energy projects, commercial buildings, malls and large complexes as well as demolition.
- **General Tool Equipment**
 This category includes items that are usually rented by professional contractors and do-it-yourself (DIY) homeowners, from smaller to light construction equipment, including sanders, chain saws, aerators, skid-steer loaders and small excavators, for work on home remodelling or smaller construction projects.
- **Party and Event Equipment**
 This category includes a wide array of equipment and resources that are usually rented by consumers, homeowners and businesses for parties and events, from tables and chairs, tents, dance floors, lights, decorations, linen, china and glassware to portable restrooms, concession equipment, inflatables (jumping castles) and furniture. Projects can range from small family backyard affairs to large multimillion-dollar corporate events.

Some rental companies specialise in one type of inventory. Others prefer a mix of construction, general tool and party equipment. It depends on personal interest and market need.

The HRIA Membership is predominantly made up of 'dry' hire members; ie equipment is hired out without an operator.

Hire and Rental Industry Association Ltd

What is the HRIA?

With over 1000 members and growing, the Hire and Rental Industry Association Ltd is the key national industry body representing the \$5bn hire and rental industry in Australia.

The Association brings members a diverse array of benefit services at both national and state levels. Members include rental companies, suppliers and service providers with rental members ranging from national multi-location companies to the more traditional owner-manager single location.

From general plant hire, DIY hire, portable buildings, construction, access and events, (covering a myriad of products and services) the HRIA's membership base is continually expanding to cover increasing areas of hire and rental business and industry.



Hire and Rental Industry Association Ltd

Why Belong?

A wide range of services and benefits are available to all members of the HRIA to assist in running member businesses.

These services include an industry advice line and 1800 contact number; standard master agreements; and specialised stationery options. The HRIA also operates a national office supported by State committees enabling close relationship building among members and member businesses.

Keeping members up-to-date and informed of the latest industry happenings, the HRIA produces a monthly newsletter highlighting key issues plus a quarterly publication, the Hire and Rental News magazine which is the official magazine for the hire industry and is distributed not only to all members but to the industry in general.

Members are able to access important information on their workplace relations obligations through a hotline support service and online via [HRNet](#), which hosts minimum wage summaries and other fact sheets relevant to the hire and rental industry.

Other services available include financing options and Eftpos arrangements at major company rates. State meetings are held regularly together with Supplier Nights and Training Days where suppliers and rental members can meet and view new products. The Association also hosts an annual Convention and Exhibition.

One of the aims of the Association is to continually improve safety and develop product training and instruction for end users. Safety sheets on many different types of hire products are available, plus ongoing projects focused on improving this area.

The Association also flags and updates members of legislative changes affecting hire operation such as recent changes to WHS requirements and electrical testing and tagging requirements and the Personal Properties Security Act.

Members work to a 'Code of Conduct', which focuses on safety, reliability and quality of equipment and support. This code is continually updated, keeping members abreast of current safety requirements and regulations.

Benefits of Membership

- HRIA Ltd Master Agreement for Hire of Plant & Equipment, Hire of Elevating Work Platforms, Hire of Telescopic Handlers, Hire of Vehicles and Party & Event Hire.
- HRNet Advice Line - an initiative of the HRIA, supported by Mason Sier Turnbull Lawyers (MST), providing workplace relations support and important information on your workplace obligations as an employer in the hire and rental industry.
- HRIA Accounting and Advisory - supported by HLB Mann Judd, providing member access to Accounting & Business Advisory service and hotline.
- DDA Advice Line - this has been set up to assist members in complying with the Disability Discrimination Act.
- Code of Conduct - the HRIA Code of Conduct will promote respect for members' integrity, expertise and reliability and assure high standards.
- Hire and Rental News magazine - This is the official magazine for the Hire and Rental Industry and is published quarterly and distributed not only to members but to the industry in general.
- Funding for Staff Training – the HRIA's preferred training provider Strategic Alignment Training Pty Ltd (SAT) can assist HRIA members with their training needs.
- Young Professionals Network and Women in Hire programs.
- Red Alert scheme - advice to members on stolen or missing equipment
- Convention - Annual HRIA Conference and Exhibition
- New Membership for a Rental Company is inclusive of one free Delegate Registration for the next HRIA Convention, currently valued at \$450 - valid in current financial year only, conditions apply.
- Hire Industry Excellence Awards – Opportunity to participate
- Access to Membership list via email
- Access to Association stock of Member stickers and Ready for Hire tags

Benefits of Membership cont.

- Hire Industry Excellence Awards – Opportunity to participate
- Access to Membership list via email
- Access to Association stock of Member stickers and Ready for Hire tags
- Participation in State Committees
- Seminars, Workshops and Yard Tours, Industry networking activities
- National and State representation on key industry issues and standards
- Specialised permanent staff ready to answer your queries
- Listing on the HRIA website: www.hireandrental.com.au featuring:
 - Member Services Area - password protected access to HRIA news, meetings and more
 - Search engines for potential customers, including Google maps
 - Useful links to government, regulators and overseas Associations
 - Product/Supplier search for members
 - Advertisements, News & Events
 - Promotion and discussion through social media such as Facebook, LinkedIn, YouTube and Twitter

History of the HRIA

The Australian hire industry originated as individual business opportunities in a variety of prospective markets, which gained impetus as these businesses grew and developed.

Today the Australian hire industry is represented by the Hire and Rental Industry Association Ltd (HRIA), a national industry association representing over 1000 members (including member companies, corporate branches and supplier members).

Early History of the State Associations

The HRIA consists of a Board of Directors and five State committees (New South Wales, Victoria, Queensland, South Australia, and Western Australia) as well as the Events Division. These committees manage affairs and interests in each State and coordinate efforts and issues (such as changes in WHS legislation or electrical testing & tagging requirements) via the Board of Directors. These committees are governed by safety requirements and regulations as well as affordability and efficiencies of operation, as elsewhere in the world.

However, it was during the 1960s the hire industry in Australia began to attain credibility, when those involved in hire began to establish State Associations to give a growing industry a base of operations.

These State Associations kept the industry together and put in place foundations, which permitted the industry to grow to its present status.

The First Hire Convention

The first Hire Convention was held at the Hotel Metropole in Sydney on 12 October, 1968. Conventions became an annual event with the next three held at Terrigal on the NSW Central Coast, each convention attracting more interstate visitors each year.

Formation of the National Hire Association

In 1973 it was decided to form a National Association. A National Committee was formed with two representatives from participating State Associations, NSW, Victoria and Queensland, and the State Associations became members of the National Association.

By 1975 both South Australia and Western Australia had joined the three other States, forming a true National Hire Association.



History of the HRIA cont.

The Early Days

Overall in the early days, the hire industry in Australia was a young but growing industry, which was self-educating. Like other businesses of the era, they opened five days a week and closed public holidays. Stock of equipment operated on the supply and demand rule – when you needed another chainsaw, you ordered one.

One-day hire was the shortest hire term. The operations were based on the USA models with Australian hire operators continually visiting the ARA Conventions to keep up with global industry trends. The main areas of participation were in servicing the construction industry.

Kennards Hire were the first company to realise the potential of the domestic market and sub-contractor hire market. But in 1974, following a recession in the construction industry, others started to look towards this market opportunity.

The 1980s

The 1980s was probably the period when hire came of age. A building and construction boom in the mid '80s saw increased activity in portable buildings, while elevating work platforms were established as an integral part of the industry. This was accompanied by an increase in opportunity and demand in the domestic market.

The home handyman market continued to grow in the 1990s while elevating work platforms now represent one of the major markets for hire.

The 1990s

In the late 1990s National Association councillors decided to look into forming a truly national body. The grand plan was to dissolve State Associations and form one National Association, and create State branches to represent the individual (then existing) branches.

In July 2000 the Hire and Rental Association changed its name to the Hire and Rental Industry Association Ltd and became the national voice of the industry. Since then the industry has grown enormously and the Association continues to grow as well.

Today

The progress of the hire industry in Australia has been nothing short of remarkable. However there will always be room for the small suburban hire operation because the customer base of its operation is within a 5km radius and it can supply a better service than anyone outside that radius.

Hire is an ever-growing way of doing business and Australian industry greats are ever growing too. In 2003 the ARA recognised Australian contributions to the rental market by inducting Kennards Hire founder Andy Kennard into the ARA's Hall of Fame.

Getting Started

Things You Need to Know

You have to do some preparation work before you open your business and start renting equipment. The following are the top things you must know about when setting up your new business venture:

Market Analysis and Marketing Plan

Who is in the market now? What needs exist in that market? What rates (actual vs published) are businesses similar to the one you want to develop asking? How are you going to position your company to penetrate that market and make a difference? Those are questions you answer through a detailed market analysis that includes market positioning strategies.

Business Plan

Establishing a business plan for the business's direction and growth is essential and must be adhered to in order to guide the decision making as the business develops. There is also the need to update or revise the business plan as market needs change and business goals evolve.

Inventory Selection

What type of inventory will your rental business offer? Will your equipment serve one rental market segment or cater to multiple market segments? How many times can you rent this equipment and for how much? What type of inventory will determine your return on investment (ROI)?

You need to look at certain prerequisites before deciding what type of inventory, such as:

- Target market.
- Overall business budget.
- Store location.
- Insurance coverage.
- Potential financing or secured loan.

Validate your inventory against your business plan to ensure they are in alignment and achievable. Doing so will help increase your knowledge of those 'sure bet' hire items that will enhance your success.

Day to Day Store Operations – The Basics

Rental Contract

You can not move forward without a sound hire agreement that protects you and your business. The HRIA has produced sample Master Agreements to help deal with the PPSA and to clear up the issue of indefinite hire and multiple hires to one customer. These are available to Members on the HRIA website.

Insurance

As important as a hire agreement is to your business, so is insurance. Hire businesses are unique and require specific coverage. HRIA Insurance brokers provide a secure, consistent and comprehensive product range for members of the HRIA (Find out more in this guide on pages 13-14).

Check-out and Check-in Procedures

This incorporates what you do at these critical points in the rental transaction as well as where these procedures are done in your operation, which involves store layout and customer-traffic flow.

Some of these procedures would include:

- Ensuring that the customer receives a product manual.
- Confirming that the customer has been educated on how to use the equipment.
- Making sure that all accessories are included with the piece of equipment.
- Streamlining the return of equipment with processes for reviewing issues and maintenance.

Inventory Maintenance

To ensure the life of your equipment – whether a skid-steer, floor sander or table linen – it is imperative that you properly maintain your equipment. Routine service, maintenance and care schedules are prescribed by the manufacturers for each type/model of their equipment or goods.

It is imperative to identify and implement systems that keep the maintenance on track because you could be held liable if you do not. Having a system also helps with record management and overall control of your inventory.

Day to Day Store Operations – The Basics cont.

Computers & Asset Management

HRIA members include suppliers and companies offering services to rental members, including software and security. A detailed membership list is available to members of the HRIA by contacting the National Office on 02 9998 2255 or info@hireandrental.com.au.

Financing

The key to your business's long-term survival is cash. How are you going to make your dream come true? Your company's financial requirements, its current financial performance (if applicable), and your future expected performance and return on investment are items that need to be included in your business plan along with your accounting procedures.

Safety/Risk Management

To run a successful rental operation you need to reduce, or where possible, eliminate your risks. The rental industry has unique risks which vary according to the type of facility you have, the equipment you rent, the employees you have working in your operation and the customers you rent the equipment to.

To address these risks you need to implement a risk management program. A risk management program should be used to ensure that a company develops and implements business practices that limit risks without unnecessarily limiting the company's ability to operate effectively and generate profits.

Further information can be found on the State Government web pages:

www.workcover.nsw.gov.au

www.worksafe.qld.gov.au

www.worksafe.vic.gov.au

www.workcover.wa.gov.au

www.safework.sa.gov.au

www.worksafe.nt.gov.au

www.worksafe.tas.gov.au

www.accesscanberra.act.gov.au/app/home/workhealthandsafety/worksafeact

Insurance

Insurance is critical to being a viable rental operation. Basically you can not function without it.

What exactly is Insurance and why is it so important?

The purchase of insurance is a way to transfer most of the financial consequences of a loss to an insurance company.

General Risks Associated with Rental

An insurance company is not only selling a policy, but it is also buying a risk. The insurance industry considers hire 'high risk' because the industry allows people to hire potentially dangerous equipment that they are unfamiliar with and with a higher-than-average probability of hurting themselves or others. In addition, hire equipment is also considered 'target merchandise' for thieves. It is relatively easy to fence and not always easy to trace.

New Hire Businesses

It is even more challenging for new hire businesses because it is assumed that a person who is new to the business will make more mistakes and have more claims. Very few insurance companies will cover hire businesses and even fewer will cover those that are new to rental. That is why it is so important to work with an insurance broker that knows your business and understands your unique risks.

Understanding what an Insurance Underwriter needs – some points to consider

- Business Operating Hours and Security outside trading hours
- Schedule of Hire Equipment
- Good maintenance & documentation of proper maintenance
- Appropriate checkout and check-in procedures
- Hire Agreement
- Customer Training in relation to equipment hired
- Thorough employee training

HRIA Resources

HRIA is here to help you be successful in the hire and rental industry. That is why the HRIA has created a number of rental-specific tools and resources that address your unique needs. See how the following products and services can help you:

Web Services - www.hireandrental.com.au This is the online home of the Hire and Rental Industry Association that offers members access to all of its products and services. Stay connected with the HRIA on Social Media avenues at YouTube, Facebook, Twitter and LinkedIn.

Best Practice Surveys – These industry driven surveys provide useful insights and valuable feedback for the hire and rental industry.



HRNet – HRNet is an initiative of the HRIA and Mason Sier Turnbull lawyers (MST). Through HRNet, HRIA members have free access to ongoing workplace relations, support and current information. HRNet also provides fact sheets on employer workplace obligations, modern award information, practical templates used for employees and information on the new Fair Work Act and the 10 National Employment Standards.



PPSA - Australia's hire industry has finally seen 'a win for common sense' with the passing of new legislation to release the majority of the hire industry from the clutches of the Personal Property Securities Act 2009 (PPSA). The HRIA is still available for help on how to register on the PPSR. More information is available on the HRIA website.



Red Alerts – The Red Alert Scheme allows the HRIA to send fast alerts to all State Members when equipment has been stolen or is missing.



HRIA Accounting and Advisory – supported by HLB Mann Judd, providing member access to Accounting & Business Advisory service and hotline.

Related Organisations

- Elevating Work Platform Association of Australia Inc. (EWPA)
- Telescopic Handler Association of Australia (TSHA)
- The Crane Industry Council of Australia (CICA)
- National Registered Assessors Association
- Construction & Mining Equipment Industry Group
- Vocational Education & Training Information, products & Services in Australia

Overseas Associations

- American Rental Association (ARA)
- ARA Rental HQ, international rental store locator
- ARA Rental U, an online rental university
- California Rental Industry Association
- European Rental Association (ERA)
- Global Rental Alliance (GRA)
- Hire Association Europe (HAE)
- Hire Industry Association of New Zealand (HIANZ)
- Rental Association of Canada



Hire&Rental Magazine

Hire and Rental Magazine

A wide range of services and benefits are available to all members of the HRIA to assist Hire and Rental News is the official magazine for the Hire and Rental Industry Association.

Published quarterly, Hire and Rental News delivers content rich industry information, together with relevant product and service updates covering all aspects of Plant, General and Event Equipment Hire.

Hire and Rental News is an approved CAB Audited circulated publication. Providing independent, trusted and credible editorial representation to close to 7,000 targeted decision makers, reaching an audience of over 28,000 readers. Delivered to EVERY General and Event Hire company in Australia, together with national Construction Companies, Government and Councils.



CIRCULATIONS
AUDIT BOARD

6,576 (Average annual CAB audit, March 2019)



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benefits of membership to the HRIA

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www.hireandrental.com.au

Or call us on

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