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Proposed amendments to Schedule 2 of the Heavy Engineering Research Levy Act 1978

Eastbridge support the proposal contained in the MBIE Consultation Document ISBN 978-1-99-001977-7 of December 2020 to address inequity in HERA levies between local manufacture and importation

Business demographic;

1. What size business are you? – Eastbridge Limited is a Napier domiciled business with sales turnover of approx \$25m pa. and employing approximately 110 staff
2. What kind of business are you? – Eastbridge Ltd is a manufacturing fabrication operating primarily in the infrastructure construction industry
3. How familiar are you with the Heavy Engineering Research Association (HERA) and the research and services they provide? – Eastbridge Ltd are members of HERA, are aware of HERA services and have used and benefited from these services over many years of operation

Regulatory impact analysis;

4. What use(s) do you import the relevant prefabricated iron or steel items for? – Eastbridge import various steel plate and sections for incorporation into infrastructure construction works such as bridges, gantries and railings
5. How do you expect the proposal to collect the levy on these items to affect your business? – Eastbridge expect collection of a HERA levy on imported pre-fabricated steel items would have a moderate benefit to our business in equalising the cost basis of competing importation. We manufacture circa 4000t p.a. of welded section from plate on which a HERA levy is paid. Importation of these sections prefabricated does not attract a HERA levy and gives the importer a preferential cost advantage over our domestic manufacture of the amount of the levy. This equates to a disadvantage to our business of circa \$30 000 p.a.
6. Do you expect the proposal to collect the levy on these items will have unintended impacts on the Heavy Engineering, or related, industries? If so, please elaborate – Eastbridge do not foresee any unintended impacts



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7. Please share any other comments you have on this proposal – Eastbridge believe the current ability to import pre-fabricated steelwork HERA levy free gives offshore manufacturers and importers an unfair advantage in competing with NZ domestic manufacturers. The status quo is leaving the technical support of the use of steel in NZ to be borne solely by domestic fabricators & manufacturers and is effectively subsidising offshore fabricators

Bruce Mellsop
MANAGING DIRECTOR
EASTBRIDGE LIMITED