



## COVERSHEET

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|-------------------------------|----------------------------------------------------------|-----------------------------|------------------------------------|
| <b>Minister</b>               | Hon Dr Shane Reti                                        | <b>Portfolio</b>            | Science, Innovation and Technology |
| <b>Title of Cabinet paper</b> | Heavy Engineering Research Levy Act Amendment Order 2025 | <b>Date to be published</b> | 18 November 2025                   |

### List of documents that have been proactively released

| <b>Date</b>    | <b>Title</b>                                                                       | <b>Author</b>                                                 |
|----------------|------------------------------------------------------------------------------------|---------------------------------------------------------------|
| October 2025   | Heavy Engineering Research Levy Act Amendment Order 2025                           | Office of the Minister for Science, Innovation and Technology |
| 9 October 2025 | Heavy Engineering Research Levy Act Amendment Order 2025<br>LEG-25-MIN-0194 Minute | Cabinet Office                                                |

### Information redacted

**NO**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

## In Confidence

Office of the Minister of Science, Innovation and Technology  
Cabinet Legislation Committee

# Heavy Engineering Research Levy Act Amendment Order 2025

## Proposal

- 1 This paper seeks authorisation for submission to the Executive Council of the Heavy Engineering Research Levy Act Amendment Order 2025 (the Order).

## Policy

- 2 The Heavy Engineering Research Levy Act 1978 (the Act) enables a levy to be collected on specified goods for the Heavy Engineering Research Association (HERA) to fund the promotion and conduct of research and other scientific work into or relating to the heavy engineering industry. New Zealand Customs Service (Customs) is authorised under the Act to collect the levy on items specified within Schedule 2 of the Act and transfer the revenue collected to HERA.
- 3 Historically, domestic manufacturers were subject to levies on the components used to fabricate heavy engineering goods, while importers of equivalent prefabricated goods were not. In 2024, Cabinet agreed to proceed with addressing this inequity by expanding the scope of leviable items under the Act to include prefabricated goods [CBC-24-MIN-0037 refers]. This change was enacted through the Regulatory Systems (Economic Development) Amendment Act 2025 (the RSA Act), ensuring that all relevant parties in the heavy engineering industry contribute fairly.
- 4 On 30 September 2024, Cabinet approved decisions regarding the Agreement on Climate Change, Trade and Sustainability (ACCTS), specifically Cabinet:
  - 4.1 agreed the Working Tariff Document of New Zealand (the Tariff) be amended to give effect to New Zealand's obligations under the ACCTS;
  - 4.2 invited the Minister of Customs, with the agreement of the Minister of Commerce and Consumer Affairs, to submit a Tariff Amendment Order to the Executive Council to amend the Tariff to implement the Tariff commitments contained in the ACCTS and to prepare and an Order in Council to give effect to the decisions above; and
  - 4.3 authorised Customs to draft an Order in Council to give effect to the above decision [ECO-24-MIN-0204 refers].
- 5 The decision above was implemented under the Tariff (ACCTS) Amendment Order 2025 (the Tariff Order 2025), which came into force on 1 July 2025. As a result of the amendment order, one of the Tariff codes that appears in Schedule 2 of the Act (7308.90.90 29D "other") has been revoked and replaced with two new Tariff codes covering the same goods (7308.90.05 00J "parts specifically designed for wind

turbine towers” and 7308.90.90 31F “other”) but a consequential amendment was not made to Schedule 2 of the Act to reflect this change.

- 6 Schedule 2 of the Act currently does not explicitly refer to these two replacement codes and therefore inadvertently prevents Customs’ ability to collect the levy on those goods. The revoked (and replacement) Tariff code(s) account for approximately \$980,000 per annum of the HERA’s revenue – 85 per cent of the additional revenue expected to be generated from the changes brought in by the RSA Act 2025.
- 7 Aligning Schedule 2 of the Act with the recent changes to the Tariff will correct this and uphold Cabinet’s original intent to levy these items and contribute to funding research and activities that benefit the heavy engineering industry. Schedule 2 can be amended via Order in Council in accordance with section 4(4) of the Act.
- 8 On 11 July 2025, I authorised drafting of the Order without reference to Cabinet in accordance with Cabinet Manual paragraph 7.95(d) as the matter is routine and does not require new Cabinet decisions. This amendment is consequential to the changes made by the Tariff Order 2025 and the policy decisions behind it have already been made by Cabinet and enacted.

### **Timing and 28-day rule**

- 9 Subject to Cabinet’s approval, I propose that the Order be submitted to the Executive Council on 13 October 2025 and notified in the *New Zealand Gazette* on 16 October 2025.
- 10 I propose the Order come into force on 13 November 2025, 28 days after notification. Customs has confirmed that system implementation changes can occur within this 28-day period to enable collection of the levy on the specified items once the Order in Council is in force.

### **Compliance**

- 11 The Order complies with each of the following:
  - 11.1 the principles of the Treaty of Waitangi;
  - 11.2 the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
  - 11.3 principles and guidelines set out in the Privacy Act 2020;
  - 11.4 relevant international standards and obligations, including the ACCTS;
  - 11.5 the Legislation Guidelines (2021 Edition), which are maintained by the Legislation Design and Advisory Committee; and
  - 11.6 the process and intent of section 4(4) of the Act.

### **Regulations Review Committee**

- 12 There are no grounds for the Regulations Review Committee to draw the Order to the attention of the House of Representatives under Standing Order 327.

## **Certification by Parliamentary Counsel**

- 13 Parliamentary Counsel Office has certified the Order as being in order for submission to Cabinet.

## **Impact Analysis**

### **Regulatory Impact Statement**

- 14 The Ministry for Regulation has determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

### **Climate Implications of Policy Assessment**

- 15 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the threshold for significance is not met.

## **Publicity**

- 16 The Order will be notified in the *New Zealand Gazette*. HERA will inform its members and Customs will advise brokers and importers and issue a public notice on its website's *Important Notices* section of the changes to Schedule 2 of the Act.

## **Proactive release**

- 17 This Cabinet paper and associated Cabinet minutes will be proactively released (subject to redactions in line with the Official Information Act 1982) within 30 business days of Cabinet decisions.

## **Consultation**

- 18 No public consultation has been carried out for the proposed amendments as they are consequential to the changes made by the Tariff Order 2025. Industry consultation is not a mandated part of the process regarding amendments to Tariff codes.
- 19 HERA is aware and supportive of this proposal.
- 20 The Treasury, the Department of the Prime Minister and Cabinet, Customs, the Ministry of Foreign Affairs and Trade (MFAT) and the Minister for Regulation have been consulted on this paper. Customs supports the amendment as a technical and administrative change that requires no change to policy. MFAT has advised that the proposed amendment is consistent with New Zealand's international obligations (including the ACCTS) and that reputational risk to trade is low.

## **Financial implications**

- 21 There are no additional financial implications of the proposal to the Crown beyond those assessed for the RSA Act and Tariff Order 2025.

- 22 There are no additional financial implications to importers beyond those assessed for the RSA Act.
- 23 The revoked (and replacement) Tariff code(s) account for approximately \$980,000 per annum of HERA's levy revenue.

### Legislative implications

- 24 The Order amends Schedule 2 of the Act in accordance with section 4(4) of that Act.

### Recommendations

The Minister of Science, Innovation and Technology recommends that the Committee:

- 1 **note** the Heavy Engineering Research Levy Act 1978 (the Act) enables the New Zealand Customs Service (Customs) to collect levies on specified goods for the Heavy Engineering Research Association to fund the promotion and conduct of research and other scientific work into or relating to the heavy engineering industry;
- 2 **note** that on 30 September 2024, Cabinet:
  - 2.1 agreed the Working Tariff Document of New Zealand (the Tariff) be amended to give effect to New Zealand's obligations under the Agreement on Climate Change, Trade and Sustainability (ACCTS);
  - 2.2 invited the Minister of Customs, with the agreement of the Minister of Commerce and Consumer Affairs, to submit a Tariff Amendment Order to the Executive Council to amend the Tariff to implement the Tariff commitments contained in the ACCTS and to prepare and an Order in Council to give effect to the decisions above; and
  - 2.3 authorised Customs to draft an Order in Council to give effect to the above decision [ECO-24-MIN-0204 refers].
- 3 **note** that the decision in paragraph 2 was implemented under the Tariff (ACCTS) Amendment Order 2025 and resulted in one of the Tariff codes in Schedule 2 of the Act being revoked and replaced with two new Tariff codes, inadvertently preventing Customs to collect levies on the impacted classes of items;
- 4 **note** that Schedule 2 of the Act can be amended via Order in Council in accordance with section 4(4) of the Act;
- 5 **note** that on 11 July 2025, I authorised drafting of the Heavy Engineering Research Levy Amendment Order 2025 without reference to Cabinet in accordance with Cabinet Manual paragraph 7.95(d) as the matter is routine and does not require new Cabinet decisions;
- 6 **note** that the Heavy Engineering Research Levy Act Amendment Order 2025 will amend some of the Tariff codes in Schedule 2 of the Act to bring them into line with the recent changes to the Tariff mentioned in paragraph 2 and 3 above;

**IN C O N F I D E N C E**

- 7 **authorise** the submission to the Executive Council of the Heavy Engineering Research Levy Act Amendment Order 2025;
- 8 **note** that the Heavy Engineering Research Levy Act Amendment Order 2025 will come into force on 13 November 2025, 28 days after notification in the *New Zealand Gazette*.

Authorised for lodgement

Hon Dr Shane Reti

Minister of Science, Innovation and Technology