

14 January 2009

## **PRODUCT RULING - BR Prd 09/01-**

This is a product ruling made under section 91F of the Tax Administration Act 1994.

### **Name of the person who applied for the Ruling**

This Ruling has been applied for by the New Zealand Maori Arts and Crafts Institute ("the Institute").

### **Taxation Law**

All Legislative references are to the Income Tax Act 2007 unless otherwise stated.

This Ruling applies in respect of section CW 36

### **The Arrangement to which this Ruling applies**

The Arrangement is the payment of a scholarship by the Institute to students enrolled in the 'Te Wananga Whakairo Rakau O Aotearoa' or a Diploma in traditional Whakairo course. Further details of the arrangement are set out in the paragraphs below:

1. The Institute was established by the New Zealand Maori Arts & Crafts Institute Act 1963. Under that Act, the purpose of the Institute is to operate as a showcase for Maoritanga with an emphasis on displaying aspects of Maori culture to tourists. It is also charged under the Act with furthering the development of carving in a traditional manner.
2. The Institute has awarded two types of certificate since 1967:
  - The New Zealand Maori Arts and Crafts Institute Diploma; and
  - The New Zealand Maori Arts and Crafts Institute Certificate.
3. In 1994 a "needs analysis" of the Institute was undertaken. It was decided to focus activities on training and educating Maori. Accordingly since 1996 the Institute has offered a three year Diploma course in Maori carving (called 'Te Wananga Whakairo Rakau O Aotearoa' or a Diploma in Traditional Whakairo). The content of the Diploma has been modularised and Certificates are awarded for the successful completion of each of the 14 modules. The 14 modules are:

Module 1	=	Introduction to Maori Art
Module 2	=	Tool Technology
Module 3	=	Tool care and maintenance
Module 4	=	Manufacture Patuki
Module 5	=	Manufacture Tekoteko

Module 6	=	Introduction to Maori Design
Module 7	=	Tribal Styles
Module 8	=	Nga patu o te Riri (combat clubs)
Module 9	=	Nga Rakau o te Riri (combat staffs)
Module 10	=	Nga waka mauri
Module 11	=	Taonga Whakatautau
Module 12	=	Taonga Puoro (musical instruments)
Module 13	=	Hanga Whare
Module 14	=	Hanga waka

4. The Institute has trained student carvers since 1967. Initially, between four to eight carvers were taken on but since 1983 the intake has been limited to three to five students per year.

***The Scholarship Agreement (“the Agreement”) and Scholarship Policy (“the Policy”)***

5. The Institute offers a limited number of scholarships to assist students (“Taurira”) while they are undertaking their studies. The Scholarship Agreement entered into between the Institute and its Taurira has the following features:
- Each scholarship is for the amount of \$18,200.00 per annum paid in weekly sums over a three year term. The amount of the annual scholarship payments may be adjusted from time to time to reflect changes in the Consumer Price Index.
  - The Agreement sets out the hours of class attendance required by the Taurira. Terms and study periods are also specified.
  - The Agreement states that the Institute will provide a uniform and tools, for the Taurira.
  - Any carvings or other items produced by the Taurira in the course of their studies are the property of the Institute.
6. The Scholarship payments aim to help cover the living costs of Taurira. Taurira have generally moved from their tribal area, are young and have very few assets. All costs of training, protective clothing, tools, equipment and raw materials are covered by the Institute.
7. The Institute also has a scholarship policy which is set out below:

**SCHOLARSHIP POLICY**

- (i). The Maori Arts and Crafts Institute now offers Student scholarships to successful applicants to Te Wananga Whakairo.
- (ii) Scholarships of three years duration will be offered to successful applicants to Te Wananga Whakairo beginning in February of each calendar year. The number of whakario students will be determined by the CEO.
- (iii) Scholarship’s will be awarded to a successful applicant for one year of studies upon recommendation of the interview panel.

- (iv) A review of year one will be undertaken encompassing the students achievements and compliance with Te Wananga and New Zealand Maori Arts & Crafts Institute Policies.
- (v) The Scholarship Awarded for all students is [\$18,200.00 per annum] for three years.
- (vi) Award payments will be made weekly in an effort to assist students budget adequately for the year.
- (vii) Award payments will be direct credited to Student BNZ bank accounts and record of payments identified through student bank statements.
- (viii) Te Wananga reserves the right to terminate a students scholarship with one weeks notice of such termination, for serious breaches of Wananga/Institute policies and dismissal through misconduct.
  - (a) Students will, for the first three months of their first year with Te Wananga, move through a probation period. During this time Te Wananga staff and Students will determine suitability/ability to cope with the course challenge's.
  - (b) Termination of a Student's Scholarship may also be the result of the Student's inability to fully complete Module assignments or practice tasks described within the Wananga's curriculum to prescribed standards and within given time-frames.
  - (c) Students who wish to terminate their scholarships may do so either during the probation period or by giving one weeks' notice of such termination in writing.

8. The applicant notes that nine Taurira are now enrolled in carving courses.

### **How the Taxation law applies to the Arrangement**

The Taxation Law applies to the Arrangement as follows:

- Scholarship payments made by the Institute to a student pursuant to the Arrangement will be exempt income of the student under section CW 36

### **The period for which this Ruling applies**

This Ruling will apply for the period from 6 November 2008 to 5 November 2013

This Ruling is signed by me on the 14<sup>th</sup> day of January 2009.

James Mulcahy  
Sector Manager.