

PRODUCT RULING – BR Prd 12/ 04

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 Māori 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 Institute's payment of a scholarship to students enrolled in the bone-, stone- and pounamu-carving school Te Takapū o Rotowhio (Te Takapū). Te Takapū runs a two-year diploma (pōkairua) in bone, stone and pounamu carving. Further details of the Arrangement are set out in the paragraphs below.

1. The New Zealand Maori Arts and Crafts Institute Act 1963 established the Institute. Under the 1963 Act, the purpose of the Institute is to operate as a showcase for Maoritanga with an emphasis on displaying aspects of Māori culture to tourists. The Institute is also charged with furthering the development of carving in a traditional manner.
2. Since 1967, the Institute has awarded two types of qualification, the New Zealand Māori Arts and Crafts Institute Diploma and New Zealand Māori Arts and Crafts Institute Certificate.
3. In 1994, a "needs analysis" of the Institute was undertaken. As a result of the analysis, the Institute decided to refocus its activities on training and educating Māori. To this end, the Institute awards Te Takapū o Rotowhio Pōkairua (the Diploma), a diploma in bone, stone and pounamu carving.
4. To be awarded the Diploma, students must complete 10 modules. Each module carries a designated number of credits. Students need 360 credits to complete the course. The modules and their levels and credits are as shown in the table below.

No.	Name of module	Level	Credits
1	Studio Practice 1	4	45
2	Technical Skills 1	4	45
3	Studio Practice 2	5	45
4	Technical Skills 2	6	35
5	Research 1	5	40
6	Research 2	6	30
7	Introduction to Small Business Planning for the Creative Industries	4	30
8	Marketing for the Creative Industries	5	35

9	Basic Finance for the Creative Industries	6	20
10	Small Business Planning and Practice for the Creative Industries	6	35

5. The Institute has trained student carvers since 1967. In 2011, three students were enrolled in the first intake of year 1 of the Diploma. During 2012, three students have progressed to year 2 and two new students have been recruited to year 1.

Scholarship Agreement and Scholarship Policy

6. The Institute offers a limited number of scholarships to help students (taura) while they are studying. The Scholarship Agreement (the Agreement) entered into between the Institute and its taura has the following features:
- Each scholarship is for the amount of \$18,200 per year paid in weekly sums over a two-year term. The amount of the annual scholarship payment may be adjusted from time to time to reflect changes in the Consumers Price Index.
 - The Agreement sets out the hours of class attendance required by taura, terms and study periods.
 - The Agreement states that the Institute will provide a uniform and tools for taura.
 - Any carvings or other items taura produce during their studies are the property of the Institute.
7. The scholarship payments help to cover the living costs of taura. Taura have generally moved from their tribal area, are young and have few assets. The Institute covers all costs of training, protective clothing, tools, equipment and raw materials.
8. 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 Takapu o Rotowhio.
- (ii) Scholarships will be offered annually to successful applications to Te Takapu o Rotowhio and the number of students will be determined or negotiated between the Institute and Te Wananga
- (iii) Scholarships will be awarded to a successful applicant for one year of study upon recommendation of the interview panel.
- (iv) A review of year one will be undertaken encompassing the student's achievements and compliance with Te Wananga and New Zealand Maori Arts and Crafts Institute Policies.
- (v) The Scholarship awarded for all students is \$18,200.00 per annum.
- (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 bank accounts and record of payments identified through student bank statements.
- (viii) Te Wananga reserves the right to terminate a student's scholarship with one week's 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 challenges.
 - (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 week's notice of such termination in writing.

How the Taxation Law applies to the Arrangement

The Taxation Law applies to the Arrangement as follows:

- a) Scholarship payments that the Institute makes to a student pursuant to the Arrangement will be exempt income of the student under s CW 36.

The period for which this Ruling applies

This Ruling will apply for the period beginning on 1 April 2011 and ending on 31 March 2016.

This Ruling is signed by me on the 28th of August 2012.

James Mulcahy
Investigations Manager, Assurance