

PRODUCT RULING – BR Prd 14/07

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 carving school known as Te Wananga Whakairo Rakau o Aotearoa ("Te Wananga Whakairo") which runs a three-year 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 and 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. In 1994 a "needs analysis" of the Institute was undertaken. It was decided to focus activities on training and educating Maori. To this end, the Institute awards a Diploma in Traditional Whakairo.
3. To be awarded the Diploma, students must complete 14 modules. The 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")

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 will be awarded to a successful applicant for the duration of the student's course at the amount of \$18,200.00 per annum. The amount of the annual scholarship payments may be adjusted from time to time to reflect changes in 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 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

The Maori Arts and Crafts Institute now offers student scholarships to successful applicants to **Te Wananga Whakairo**.

Scholarships will be offered annually to successful applications to **Te Wananga Whakairo** and the number of students will be determined or negotiated between the Institute and Te Wananga.

Scholarships will be awarded to a successful applicant for the duration of the student's course upon recommendation of the interview panel.

The duration of the course is three years.

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.

Scholarships will be awarded for the duration of the student's course.

The Scholarship awarded is \$18,200.00 per annum.

Award payments will be made weekly in an effort to assist students budget adequately for the year.

Award payments will be direct credited to student bank accounts and record of payments identified through student bank statements.

Te Wananga reserve the right to terminate a student's scholarship with one weeks' notice of such termination for serious breaches of Wananga/Institute policies and dismissal through misconduct.

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 student will determine suitability/ability to cope with the course challenges.

Termination of a student's scholarship may also be the result of the students' inability to fully complete Module assignments or practice tasks prescribed within the Wananga's curriculum to prescribed standards and within given time-frames.

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.

8. Fourteen students 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 from the period 01 April 2014 to 31 March 2018.

This Ruling is signed by me on the 9th day of July 2014

James Mulcahy
Investigations Manager
Investigations and Advice