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Te Tari o te Rōia Tāke Matua**

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PRODUCT RULING – BR PRD 17/05

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

Name of the Person who applied for the Ruling

This Ruling has been applied for by the University of Melbourne.

Taxation Laws

This Ruling applies in respect of Part C and s CW 36 of the Income Tax Act 2007 and s 2 and s 8(1) of the Goods and Services Tax Act 1985.

The Arrangement to which this Ruling applies

The Arrangement is the payment by the University of Melbourne (the University), on behalf of The Atlantic Fellows Program for Social Equity Trust (the Trust) of amounts to persons (each a Participant) enrolled in the Atlantic Fellows for Social Equity postgraduate education program (the Program) established and administered by the University. Details of the Arrangement are set out in the paragraphs below.

Background to the Program

1. The University has established the Program with the aim of developing up to 400 leaders with the skills and capability to lead social change for indigenous and marginalised communities in Australia, New Zealand, and the wider Asia-Pacific region. The Program will commence in 2017 and run for 20 years. Up to 20 Participants will undertake the Program each year.
2. Participants who successfully complete the Program will be awarded a postgraduate qualification from the University. That qualification will take the form of either a postgraduate certificate or, if the Proposal (as defined in paragraph 7) satisfies certain requirements (discussed below), a **Master's of Social Change Degree** (which will be **accredited as a Master's Degree (Research)** under the Australian Qualifications Framework).

3. Funding for the Program has been provided by a US\$50 million grant from The Atlantic Philanthropies. In addition, the Australian Government will contribute funding of up to AU\$40 million, and the Queensland University of Technology and the University of Auckland will each provide further financial support.
4. While the University has the ultimate responsibility for administering the Program, various partner organisations will assist the University to deliver the Program. Partner organisations may assist with Participant selection, development and delivery of the Program curriculum, and supporting Participants by providing faculty, facilities and resources.

Participant selection

5. The University will have primary responsibility for selecting Participants for the Program each year. Selection criteria (to determine whether a particular applicant should be a Participant) will focus on six main factors: relevant experience and skills, the Proposal, commitment to social change, diversity, employer support, and based in Australia or New Zealand.
6. **Relevant experience and skills:** The University will consider all academic, employment, voluntary and leadership experience an applicant may have that is relevant to the Program and any social change activities in which the applicant has been or is involved. It is expected that most applicants will be at a mid-point in their career and will already have some of the skills and experience necessary to be social change leaders.
7. **Proposal for social change:** Each applicant will be required to submit an outline of a social change proposal (Proposal) they wish to develop if they are accepted as a Participant. The outline **will include the Proposal's** purpose, intended outcomes and indicative budget. As part of the application process, the University will assess the general quality and innovation of each Proposal.
8. **Commitment to social change:** An applicant's **commitment to social change will be** an important consideration relevant to their selection as a Participant. To assess this commitment, an applicant will be required to provide a personal statement outlining why they wish to be selected for the Program. They will also be required to provide referee reports from at least three referees who can speak to the applicant's **capacity to work** with socially marginalised communities.
9. **Diversity:** The University aims to include Participants from a variety of backgrounds, sectors and disciplines. The University will focus on selecting Participants from socially disadvantaged groups and on having a mix of indigenous and non-indigenous Participants.
10. **Employer support:** If selected to participate in the Program, an applicant will be required to spend a significant amount of time attending the Program and developing their Proposal. Therefore, if an applicant intends to maintain an existing employment relationship throughout the Program, the applicant will be required to provide a letter from their employer to confirm that the employer will allow the applicant sufficient leave to enable the person to complete the Program.

11. **Based in Australia or New Zealand:** Until 2020, applicants will be selected only from Australia or New Zealand (except in certain exceptional circumstances). After 2020, the University will reconsider whether to accept applicants from other countries into the Program (for example, from Pacific Island countries).
12. The selection criteria will not be applied in a way that favours an applicant who happens to have or to establish an employment relationship with any of the parties to the Arrangement.

Program outline

13. Participants in the Program will be enrolled in a 12-month postgraduate education course, which will have two components: Modules and Development of the Proposal.

Modules

14. Participants will be required to complete a series of course modules designed to expose Participants to a variety of topics, contexts and locations relevant to leadership and social change.
15. The modules will be taught in a variety of settings in New Zealand and Australia. Settings **will include the University's Melbourne campus and some of the** campuses of the partner organisations. Participants will also complete fieldwork at various geographical settings across Australia and New Zealand. In some cases, Participants may also conduct fieldwork in other countries.
16. Participants will be expected to physically attend each module.
17. Modules will have different durations depending on the topics covered. The duration of the modules will range from a few days to several weeks. Attendance at the modules is a full-time commitment, so Participants will not have time to undertake any full-time work while attending the modules.
18. Participants will spend no less than 70 days attending the modules.

Development of the Proposal

19. A fundamental part of the Program is the expectation that each Participant will research and develop the Proposal they submitted when they applied to participate in the Program. While attending the Program, Participants will be expected to fully develop and refine their Proposal to the necessary standard to **allow a Master's Degree to be conferred**, with assistance from the University, partner organisations and certain other stakeholders and interested parties.
20. The University expects that the amount of time Participants will spend researching and developing their Proposals will vary between Proposals. The time will vary because no two Proposals will be the same and the tasks involved in completing each Proposal could be quite different. Under the Australian Qualifications **Framework, a Master's Degree (Research) qualification must be designed so that** at least two-thirds of the Program is dedicated to undertaking research. The development of the Proposal will satisfy this research requirement.

21. At the end of the Program each Participant will be invited to present a final written Proposal at an event that will feature representatives from government, business, community, academic, and philanthropic sectors. Following that presentation, the University may publish the final Proposal.
22. A specific faculty member at the University or from a partner organisation will be appointed to mentor each Participant in relation to Program requirements, including the development of Proposals. There will be no formal requirements regarding contact time, given that the circumstances of each Participant and their Proposal will be different. However, the University expects Participants to be in regular contact with mentors.
23. Each Participant will also have a personal coach who will work with the Participant on an individual basis to support their professional and personal development. Coaches will be selected to match each Participant and will be independent of the University.

Qualifications

24. All Participants who successfully complete the Program will obtain a postgraduate qualification from the University.
25. The University expects each Participant to approach the Program on the basis that **they are working towards a Master's level qualification** and that the amount of work that each Participant should put into the Program will reflect the intended standard of the qualification.
26. Provided that a Participant submits a final Proposal for assessment at the end of the Program, the University expects that **Participants will obtain a Master's of Social Change Degree**. Where a Participant submits a Proposal that does not meet **the necessary standards to allow a Master's Degree to be conferred, the** Participant will instead be awarded a postgraduate graduate certificate.

Contributions to Participants

27. The University has established the Trust, from which a payment of AU\$75,000 (the Contribution) will be made to each Participant. The Contribution will be paid in instalments during the Program and Participants will receive instalments on the same dates and in the same amounts. Instalment payments will be spread over the term of the Program, with instalments being paid both during the module section of the Program and after this while the Participant is working on his or her Proposal.
28. The payment of each instalment to a Participant will be dependent on the **Participant's progress in the Program**. If a Participant withdraws from the Program or the University determines that a particular Participant is no longer actively participating in the Program, they will forfeit any right to instalments that they have not already received.
29. The purpose of the Contribution is to minimise a Participant's financial barriers to undertaking the Program. The Contribution is intended to help Participants cover

their on-going living costs and costs associated with completing the Program and developing their Proposal (for example, research materials).

30. Because of the time commitment involved and the level of the qualification sought, the University expects that many Participants will be unable to undertake full-time employment while they are participating in the Program. In all cases, full-time employment will not be possible when Participants are attending the modules.
31. The funding for the Contribution will come from the Trust, which will transfer the necessary funding to a bank account controlled by the University, to be disbursed to the Participants.
32. As the Contribution will be paid in instalments as a Participant progresses through the Program, it is unlikely a Participant will be required to repay any of the instalments previously received, even if the Participant does not successfully complete the Program, except in very exceptional circumstances (e.g. in instances of fraud). However, withdrawal from the Program will mean that a Participant will cease to be entitled to any further instalments that they would have otherwise been entitled to receive if they had successfully continued in the Program.

Expenses

33. In addition to providing the Contribution, the University will also agree to meet **certain additional costs that might otherwise be a barrier to a Participant's** participation in the Program. These costs may include:
 - costs associated with travelling to attend modules;
 - **the cost of a Participant's accommodation during the modules; and**
 - **costs associated with a Participant's** special needs that may affect their ability to participate in the Program (for example, if a Participant has a disability, the University will cover the cost of additional resources that that Participant requires, such as a reader/writer or signer (for the hearing impaired). This is **to ensure that the Participant's** disability does not impede their successful completion of the Program).

(the Expenses)
34. It is anticipated that, like the Contribution, amounts used to make payments for the Expenses will generally come from the Trust (with the University making disbursements of the Expenses funding as agent for the Trust). However, it is also possible that in some circumstances the University may fund the Expenses directly itself as a part of the Program (i.e. as opposed to the Expenses funding being sourced from the Trust).
35. The University will generally pay for any Expenses by making payments to the third party suppliers of the goods and services. It is possible that in rare circumstances a Participant may pay Expenses associated with the Program personally. In those circumstances, the University will generally reimburse the Participant for the cost of the Expenses that they have incurred.

Intellectual property

36. Each Participant retains ownership of any intellectual property developed by the Participant during the course of participating in the Program (the Fellowship Intellectual Property).
37. Each Participant grants to the University a perpetual, non-exclusive, worldwide licence to use, reproduce, communicate and adapt the Fellowship Intellectual Property for non-commercial research, teaching and other academic purposes, as well as any purposes associated with the promotion of the Program (Licence). The Licence granted to the University includes a right of sub-licence to The Atlantic Philanthropies and to the General Atlantic Corporation, each of whom may assign their sub-licence as they see fit.
38. The Licence is irrevocable and royalty-free.

Atlantic Fellows for Social Equity Fellow Agreement

39. The contractual arrangements between the University and a Participant will be recorded in an Atlantic Fellows for Social Equity Fellow Agreement.

How the Taxation Laws apply to the Arrangement

The Taxation Laws apply to the Arrangement as follows:

- a) The Contribution is exempt income of a Participant under s CW 36 of the Income Tax Act 2007.
- b) The Contribution paid to a Participant is:
 - i) not consideration, as that term is defined in s 2 of the Goods and Services Tax Act 1985, for the supply of goods or services by the Participant; and
 - ii) not subject to goods and services tax under s 8(1) of the Goods and Services Act 1985.
- c) Expenses that are paid directly by the University to third parties are not income of a Participant under any provision in Part C of the Income Tax Act 2007.
- d) Amounts paid by the University to a Participant to reimburse him or her for Expenses that the Participant has directly incurred as part of the Program are not income of the Participant under any provision in Part C of the Income Tax Act 2007.
- e) Expenses that are paid directly by the University to third parties in relation to a Participant:
 - i) are not consideration, as that term is defined in s 2 of the Goods and Services Tax Act 1985, for the supply of goods or services by the Participant; and
 - ii) the Participant has no obligations under the Goods and Services Tax Act 1985 in relation to such Expenses.

- f) Amounts paid by the University to a Participant to reimburse him or her for Expenses that the Participant has directly incurred as part of the Program:
- i) are not consideration, as that term is defined in s 2 of the Goods and Services Tax Act 1985, for the supply of goods or services by the Participant; and
 - ii) the Participant has no obligations under the Goods and Services Tax Act 1985 in relation to such Expenses.

The period or income year for which this Ruling applies

This Ruling will apply for the period beginning on 16 October 2017 and ending on 16 October 2020.

This Ruling is signed by me on the 16th day of October 2017.

James Mulcahy

Investigations Manager, Investigation and Advice