

ACCESS TO COMPULSORY EDUCATION

Assistance for Isolated Children (AIC) Allowance

Since 1973, successive Australian Governments have provided financial support through the Assistance for Isolated Children's (AIC) allowance to families with children who do not have reasonable daily face-to-face access to an appropriate government school. Much has changed since the AIC Scheme was first introduced; the duration of compulsory education has increased and accessing regional term hostels has decreased due to continual closures. Changes are needed to ensure this allowance meets the needs of families in the twenty-first century. ICPA (Aust) are calling on the Government to conduct a thorough review into the Assistance for Isolated Children scheme. While ICPA (Aust) feels strongly that the effectiveness of the current eligibility criteria for the Assistance for Isolated Children should neither be removed nor diminished, a review conducted to ensure the AIC is adequately meeting the needs of geographically isolated students is required.

Accessing compulsory education is a significant financial burden for rural families. The Assistance for Isolated Children allowance needs to adequately address the out-of-pocket costs incurred by rural and remote families whether their children need to study via distance education, board away from home or the family sets up a second home in order to access schooling.

The AIC allowance consists of three main categories for geographically isolated students:

- **Distance Education Allowance** for students living at home and undertaking distance education
- **Boarding and Additional Boarding Allowance** for students boarding away from home at a school hostel or private arrangement
- **Second Home Allowance** for students living in the family's second home so they can attend school daily.

Distance Education

Families who educate their children via distance education are required to establish and maintain a schoolroom setting, provide extra learning materials and resources, print necessary learning materials all of which are supplied to students at mainstream schools. In addition, distance education families often travel significant distances to participate in school activities that offer interaction and socialisation for their children. The AIC Distance Education Allowance assists distance education families with some of these necessary expenses in order to educate their children when living in geographic isolation.

Boarding

Many children living in remote regions of Australia must move away from home to attend school. This comes at a considerable cost to families. Information gathered from families in the ICPA (Aust) Boarding School Access Research for Geographically Isolated Students showed annual out-of-pocket boarding expenses range from \$17,000 to \$35,000 per child, which is unsustainable for most rural families. This research can be viewed at <https://www.icpa.com.au/page/attachment/94/final-boarding-school-survey-icpa-aust-with-comments-2016> .

Some families are splitting the family and moving to town to access affordable schooling, or in some cases choosing between siblings as they cannot afford to keep their children in boarding school. This is negatively impacting the family unit, small communities and rural schools.

The disparity between the Assistance for Isolated Children Scheme (AIC) Boarding Allowance and the actual cost of boarding schools across Australia continues to grow. This growth in disparity is impacting the intent and effectiveness of the allowance. Rural and remote families are required to contribute significantly more towards the cost of their children's compulsory education.

Second Home

The AIC Second Home Allowance assists families with the cost of setting up a second home away from their main place of residence where a family member lives with the children so that they can attend a school on a day-to-day basis. The option of establishing a second home while children are of school age, is paramount in efforts to retain families in rural and remote areas of Australia. Boarding school is not a suitable environment for every student and in many cases, the mother and children live in a second home during school times returning to their rural area during school breaks and holidays. This allows the family to access schooling, but also maintain their connection and support with their rural community as well as work and live in a rural area. If the Second Home Allowance were not available, more families would move their entire family permanently to an area where appropriate schooling was available. AIC Second Home Allowance is paid at a substantially lower rate than the AIC Boarding Allowances and ICPA advocates for the Second Home Allowance to be paid at the same rate as the Boarding AIC.

AIC Criteria Extension

ICPA (Aust) have concerns about the scope of assistance for families educating geographically isolated children and believe that the current criteria could be expanded to assist more rural and remote students. Options are extremely limited for rural and remote students who live in or near communities without access to specially designed programs which are needed to optimise their education. Due to the nature of the educational facilities in remote towns, students face limited subject choice and reduced educational opportunities. A remoteness index applied to facilitate AIC eligibility would address the educational disadvantage these students face. Rural and remote students who are accepted into specialised programs not offered at their local school, and who need to board away from home to access these programs should be eligible to receive Assistance for Isolated Children.

AIC Applications

Currently when applying for the AIC allowance, forms need to be downloaded from the Human Services website or collected from the nearest service centre. Applications must be submitted by post, fax or delivered in person which delays the processing of the application considerably. Major errors with the distribution of AIC correspondence have occurred in recent years which has resulted in ICPA (Aust) needing to speak directly with personnel in the Department of Human Services to resolve these issues on behalf of our members. ICPA (Aust) requests the Department of Human Services implement an online and phone option for applications and renewals for the AIC allowance as an adjunct to the current paper-based system.

ICPA (Aust) encourage any extra assistance for our families to ensure the expenses they endure for their children's compulsory education are reduced. This might include special consideration for schools with a regional cohort when applying the Socio-Economic Status Score Methodology and setting up low interest loans for expenses not covered by current allowances for families enduring hardships.

It is in the national interest to ensure isolated children are not disadvantaged in terms of educational and social development and to ensure their educational outcomes are not compromised. These students need the opportunity to attend a school that is commensurate to their needs which allows them to achieve educational parity with their urban peers. It is imperative for rural and remote families to be able to provide an education for their children while continuing to reside and work in rural and remote regions.

ICPA (Aust) recommends that a review of the AIC Scheme be conducted to ensure the allowance is meeting the needs of the geographically isolated students it was established to help.

Fringe Benefits Tax

Exemption from Fringe Benefits Tax (FBT) - Employers Assisting with Educational Costs for Employees

In an effort to attract and retain staff in rural and remote locations, some employers offer their staff a financial contribution towards educational expenses of their children. However, these payments incur a fringe benefits tax which negatively impacts the employer and the intent of the contribution.

In some cases, the employer chooses to pay a higher wage/salary to the employee rather than incur the FBT on the education assistance. This is also problematic for families as a higher income bracket could affect eligibility for income-tested assistance such as the AIC Additional Boarding Allowance or Youth Allowance.

The Australian Tax Office states some benefits, for example, living away from home allowance, receive concessional treatment in relation to Fringe Benefits Tax (FBT). ICPA (Aust) recommends that benefits paid by an employer to assist an employee with the costs of having their child 'living away from home' for education could be treated in a similar way.

The removal of Fringe Benefits Tax on contributions to employees' children's education expenses will potentially encourage families to stay in the bush, improve recruitment and retention of families and inspire employers to contribute towards the increasingly high costs of boarding school. These outcomes would be consistent with 'Developing the North' aspirations.