

Assistance for Isolated Children Scheme

Guidelines

**Rural and Remote Section
Inclusive Education Branch
Department of Education, Employment and Workplace Relations**

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General AIC Scheme information and AIC Scheme Claim forms can be obtained from Centrelink:

- at any Centrelink Office
- by telephone on 13 23 18
- at www.centrelink.gov.au

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Abbreviations and acronyms

AAT	Administrative Appeals Tribunal
AIC (Scheme)	Assistance for Isolated Children Scheme
CEO	Chief Executive Officer
CDEP	Community Development Employment Projects
DEEWR	Department of Education, Employment and Workplace Relations
ESL	English as a Second Language
FBT	Fringe Benefits Tax
IPP	Information Privacy Principle
NSA	Newstart Allowance
PES	Pensioner Education Supplement
PIFA	Parental Income Free Area
PIT	Parental Income Test
PPS	Parenting Payment (Single)
SSAT	Social Security Appeals Tribunal
TAFE	Institute of Technical and Further Education
TFN	Tax File Number

Definitions for these Guidelines

In these guidelines, the following definitions apply.

Act, the	Unless otherwise specified, the <i>Student Assistance Act 1973</i> .
Appropriate state school	<p>A state school that offers tuition at the student's level (i.e. the year or grade for which the student is qualified to enrol).</p> <p>If a student has a disability or other health-related condition or a special education need that requires a special school program, special facilities and/or a special environment, an appropriate state school will be one that has or can provide them with access.</p> <p>Depending on a student's enrolment, a 'selective' or specialist school can be an appropriate state school.</p>
Approved applicant	<p>Either a person who:</p> <ul style="list-style-type: none">• meets the definition set out in 2.1• meets the residency requirements set out in 2.2 <p>and</p> <ul style="list-style-type: none">• is not receiving other Australian Government assistance detailed in 3.5.3 <p>or</p> <p>an organisation that meets the definition in 2.1.5.</p>
Australia	Includes Australia's external territories, such as Christmas Island, Norfolk Island and Cocos (Keeling) Islands.
Base tax year	The tax year that ends in the previous year of study i.e. if seeking benefits for 2010, the base tax year is the 2008–09 financial year.
Centrelink	An Australian Government statutory agency that delivers a range of Commonwealth services to the Australian community (established under the <i>Commonwealth Service Delivery Agency Act 1997</i>). Centrelink processes AIC Scheme claims and payments.
Centrelink AIC Processing Centre	The Centrelink organisational unit responsible for assessing and processing claims and benefits.
Circumstances beyond the family's control	<p>Matters (detailed in 4.2) that prevent a student from accessing their local school for at least 20 school days a year, such as the death or illness of a member of the student's family, or impassable roads.</p> <p>Does not include a vacation taken by the student during term, with or without the family.</p> <p>See also Unforeseen circumstances.</p>

Claim	The application needed to assess eligibility for payments under the AIC Scheme, including end-of-year reviews of eligibility.
Current tax year	The tax year ending in the same year that benefits are sought (i.e. if seeking benefits for 2010, the current tax year is 2009-10 financial year).
Custody	Unless otherwise specified, custody as defined in parenting orders (formal documents lodged with the court, setting out parenting arrangements and including such matters as contact and residence agreements).
Decision maker	A Centrelink officer who is authorised to make an initial decision of eligibility for an AIC allowance.
Dependent child	<p>Unless otherwise specified, a person is considered to have a dependent child where the applicant has a young person who is:</p> <ul style="list-style-type: none"> • wholly or substantially in the care of the applicant; and • not Independent for the purposes of Youth Allowance or ABSTUDY; and attracts AIC Additional Boarding Allowance, ABSTUDY (Living Allowance and/or Means Tested component of the School Fees Allowance Group 2) or Youth Allowance;
Disability or other health-related condition	<p>Any of the following:</p> <ul style="list-style-type: none"> • a physical or intellectual disability • a psychological, emotional or behavioural problem • a medical condition • pregnancy.
Distance education methods	Methods of tuition that do not use face-to-face interactions between students and teachers (e.g. tuition by correspondence, web-based delivery or ‘schools of the air’).
Education authority	An authority at state or territory level that is responsible for managing schools, teachers and curriculum within the state or non-government school system. The education authority for state schools is the relevant state or territory government education department. The education authority for non-government schools is dependent on the school, but is generally the state or territory Association of Independent Schools or Catholic Education Office.
Eligibility period	The period for which an approved applicant is eligible to receive assistance for the student .
Eligible student	<p>A person who:</p> <ul style="list-style-type: none"> • meets the general eligibility conditions set out in Part 3 • meets (or is deemed to meet) one of the conditions for geographical isolation set out in Part 4 <p>and</p>

	<ul style="list-style-type: none"> • qualifies for an allowance (see Part 5) because they either board away from home, live in a second family home or study by distance education methods.
Family	A family unit comprising a parent or parents and their dependent natural or adopted children. A person within the family is taken to mean a person who is related by blood or who stands in a bona fide domestic or household relationship.
Full-time boarder	A student who boards away from their principal family home at least four nights per school week.
Likely	More than a remote possibility.
Minister	The responsible Australian Government Minister, who is currently the Minister for Education, Employment and Workplace Relations.
Non-Parent	Any person who does not meet the definition of parent .
Parent	As defined in the <i>Student Assistance Regulations 2003</i> , either: <ul style="list-style-type: none"> • a natural or adoptive parent with whom the student normally lives • if the student normally lives with a partner of the student's parent, that partner • a legal guardian <p>or</p> <ul style="list-style-type: none"> • any other adult who: <ul style="list-style-type: none"> – has primary or joint responsibility for the student – does not live at a boarding institution.
Partner	As defined in the <i>Student Assistance Regulations 2003</i> , a person who is: <ul style="list-style-type: none"> • married to or living in a de facto relationship with the student's parent and • not separated from the parent
Part-time boarder	A student who boards away from their principal family home for fewer than four nights per school week on a regular basis.
Permanently settled	Having a bona fide intention to remain permanently settled in Australia . To determine whether a person is permanently settled, the AIC Scheme takes all of the following into account: <ul style="list-style-type: none"> • the nature of the accommodation they use in Australia • the nature and extent of their family relationships here • the nature and extent of their employment, business or financial ties with Australia • the nature and extent of their assets here • the frequency and duration of their travel outside

	<p>Australia</p> <ul style="list-style-type: none"> • any other relevant matter.
Principal family home	<p>The usual place of residence of the family for the entire eligibility period, where:</p> <ul style="list-style-type: none"> • the student normally lives, or would normally live but for the need to live away to attend school • the student and the family normally live during school holidays and • the applicant and/or the applicant’s partner live for more than half the calendar year (or, if the eligibility period is less than a calendar year, for more than half of the claimed period). <p>The residence must be:</p> <ul style="list-style-type: none"> • in Australia • the principal residence of the applicant (including a home currently occupied by them in the course of their employment) and • able to adequately accommodate the student and the student’s family (i.e. parents and dependent children).
Review officer	<p>An officer authorised to review decisions made by a decision maker. This officer must not have been involved in the original AIC Scheme eligibility decision. A review officer may also be known as an ‘authorised review officer’.</p>
School year	<p>The period that starts on the first day of the year, in which a student is required by the school to attend the course and ends on the last day in that year of compulsory attendance at the institution or the day in that year of the student’s last exam, whichever is the later.</p> <p>For students studying by distance education methods, the school year starts on the first day of Term 1 and ends on the last day of the final term for the year. This may be varied with the agreement of the distance education institution, provided the student can still complete the course satisfactorily.</p>
Second family home	<p>A home maintained by the family for the purpose of providing daily access to appropriate education for at least one dependent student who would not normally have such access from the principal family home.</p>
Short-term boarder	<p>Short-term boarders are students who need access to a school, special program, special facilities or a special environment for one or a series of short periods. ‘Access’ includes short-term accommodation at or near the facility.</p>

Special assessment	Waiver of the Parental Income Test (an assessment of income that would not normally be performed for a particular tax year).
Special institution	<p>An institution that:</p> <ul style="list-style-type: none"> • specifically and primarily caters for students with disabilities, health-related conditions and/or learning difficulties • is recognised by Australian Government or state/territory health or education authorities <p style="padding-left: 20px;">and</p> <ul style="list-style-type: none"> • has residential facilities.
Special school	<p>An institution that:</p> <ul style="list-style-type: none"> • specifically cater for students with disabilities, health-related conditions and/or learning difficulties <p style="padding-left: 20px;">and</p> <ul style="list-style-type: none"> • is recognised as a school by Australian Government or state/territory education authorities.
State-authorised care	The care arrangements for a student who has been placed in substitute care through a state/territory welfare authority or through a legal process.
Student	A person undertaking a course at the primary, secondary, tertiary or ungraded level.
Total Net Investment Loss	<p>For the purpose of these Guidelines a Total Net Investment Loss has the same meaning as in Division 995 of the <i>Income Tax Assessment Act 1997</i>, i.e. the sum of:</p> <ul style="list-style-type: none"> (a) the amount (if any) by which the individual's deductions for the income year that are attributable to financial investments exceed the individual's gross income for that year from those investments; and (b) the amount (if any) by which the individual's deductions for the income year that are attributable to rental property exceed the individual's gross income for that year from rental property.

For the purpose of the definition of Total Net Investment Loss above, 'financial investment' has the meaning in Division 995-Definitions of the *Income Tax Assessment Act 1997*, and includes the following:

- (a) a share in a company;
- (b) an interest in a managed investment scheme (within the meaning of the Corporations Act 2001);
- (c) a forestry interest in a forestry managed investment scheme;

Unforeseen
circumstances

- (d) a right or option in respect of an investment referred to in paragraph (a), (b) or (c);
- (e) an investment of a like nature to any of those referred to in paragraphs (a) to (d).

Matters that delay the commencement or resumption of studies, such as:

- participation in a sporting or cultural event (for which the [student](#) was selected as a school, state or territory, or national representative)
and/or
- sudden onset of illness or an accident; or disruption to international travel.

Unforeseen circumstances do not affect continuing eligibility.

See also [Circumstances beyond the family's control](#).

1 General information about the AIC Scheme

This section includes:

- [1.1](#) Description of the scheme
- [1.2](#) Objectives
- [1.3](#) Eligibility
- [1.4](#) Types of allowances
- [1.5](#) Legislative basis.

1.1 Description

The Assistance for Isolated Children (AIC) Scheme helps the [families](#) of primary, secondary, and certain tertiary [students](#) who cannot attend an [appropriate state school](#) on a daily basis because of geographical isolation. An appropriate state school is one that offers tuition at the year or grade for which the student is qualified to enrol.

If a student has a [disability or other health-related condition](#) or a special education need that requires a [special school](#) program, facilities or environment, an appropriate state school will be one that can provide access to those things.

The Australian Government Department of Education, Employment and Workplace Relations is responsible for AIC Scheme policy. [Centrelink](#) conducts assessments, processes [claims](#) and makes payments under the DEEWR–Centrelink Business Partnership Agreement.

1.2 Objectives

The aim of the AIC Scheme is to assist Australian children without reasonable daily access to an [appropriate state school](#). Families in isolated areas incur additional costs to educate their children. The AIC Scheme provides financial assistance in the form of allowances to alleviate such costs.

The scheme is not intended to help families where an appropriate state school is accessible. However, if a [student](#) does not have reasonable daily access to an appropriate state school, their [family](#) is free to send them to a school of their choosing.

1.3 Eligibility

Applicants who meet the requirements of the AIC Scheme are ‘approved’ applicants. [Approved applicants](#) (who are usually [parents](#) but can be parents’ [partners](#), organisations or institutions) may receive AIC allowances for [eligible students](#).

An AIC allowance is payable if:

- the approved applicant meets the eligibility conditions in Part 2

- the [student](#) meets the eligibility conditions in Part 3
- the student meets isolation conditions or has special needs identified in Part 4; and
- the student boards away from home, lives in a [second family home](#) or studies by [distance education methods](#) (see Part 5).

1.4 Types of allowances

Depending on the [student's](#) circumstances, the AIC Scheme provides:

- Basic Boarding Allowance (see [5.2.1](#))
- Additional Boarding Allowance (see [5.2.2](#))
- Second Home Allowance (see [5.3](#))
- Distance Education Allowance (see [5.4](#))
- Pensioner Education Supplement (see [5.5](#)).

With the exception of the Additional Boarding Allowance, all allowances are free of means testing.

1.5 Legislative basis

The AIC Scheme is a current special educational assistance scheme, as defined by the *Student Assistance Act 1973* ([the Act](#)). Funding for the scheme is appropriated under section 55A of the Act. Parts 6 and 7 of the Act detail such matters as the recovery of overpayments, various obligations of applicants, and penalties for non-compliance.

Policy and procedures of the AIC Scheme that are not set out in the Act are set out in these guidelines.

2 Applicant eligibility

2.1 Requirements for applicants

This section explains who can apply for AIC allowances on behalf of a [student](#), and the eligibility criteria the applicant must meet for allowances to be payable.

While any person may apply, assistance is only payable to [approved applicants](#) (who may be people, institutions or organisations). In this section, unless otherwise stated, ‘applicant’ means ‘approved applicant’.

- [2.1.1](#) Applicants who can be approved
- [2.1.2](#) Applicants who cannot be approved
- [2.1.3](#) [Parents](#) as applicants
- [2.1.4](#) [Non-parents](#) as applicants
- [2.1.5](#) Organisations or institutions as applicants
- [2.1.6](#) [Claims](#) received from a parent and from an organisation
- [2.1.7](#) Only one claim per student may be accepted
- [2.1.8](#) New claim required when applicant changes.

2.1.1 Applicants who can be approved

To be eligible for assistance, an applicant must:

- meet the eligibility criteria set out in [2.2](#)
and
- not be receiving certain other Australian Government assistance (see [3.5](#)).

The applicant must have prime (or joint) responsibility for the [student's](#) care and support, and be either:

- a person having legal guardianship of the student
- a natural, adoptive, de facto or step [parent](#) of the student
- a person with whom the student normally lives (when not living away to attend school)
or
- in certain circumstances, a third party, an organisation or an institution (see [2.1.5](#)).

2.1.2 Applicants who cannot be approved

The applicant cannot be either:

- the [student](#)
- the student's [partner](#) (married or de facto)
or

- a person who is in a prison, correctional centre (including detention, remand and training centres) or psychiatric institution.

2.1.3 Parents as applicants

Student lives with both parents

If a [student](#) normally lives with both [parents](#), who are not separated or divorced, either parent may be the applicant.

Student lives with one parent

Where the student's parents are separated or divorced and the student normally lives with one of them, that parent is the applicant. In addition, where the student normally lives with the parent and the parent's [partner](#) (regardless of the duration of their relationship), the student is taken to be in the care of that partner. In such circumstances, either the parent or the partner can be the applicant.

Student lives with each parent separately

If the student's parents are separated or divorced and the student lives at different times with each parent, the following factors are taken into account to determine who the applicant can be:

- Where one parent is officially recognised as having primary care of the student (e.g. through the grant of [custody](#) to that parent, removal of custody from the other parent, or receives a majority allocation of Family Tax Benefit), that parent is the applicant
or
- Where there is no such recognition of the primary carer, other evidence (outlined below, under *Disputes over which parent should apply*) must be considered.

Equal custody situations

If parents share equal care of the student (i.e. the student spends an equal amount of time living with each parent and the turnaround of care of the student is frequent - weekly, fortnightly or monthly), the applicant can be either parent, or a parent's partner where the student lives with the parent and the partner.

Disputes over which parent should apply

Where there is no legal recognition of a primary carer or a dispute over which parent may apply for an AIC allowance exists, the following factors (not in order of priority) must be considered to determine which parent may be an approved applicant (and be eligible for AIC allowances):

- whether the student normally lives with the parent and has done so for the past 12 months
- whether the student lives with the parent during vacations
- who has principal financial responsibility for the care of the student (e.g. food, shelter etc.)
- who contributes regularly and significantly to the student's living and education costs (this should not be limited to boarding costs) and/or
- who holds a Medicare card or receives other allowances/benefits for the student.

2.1.4 Non-parents as applicants

If a [claim](#) is lodged by a person other than a [parent](#) or parent's [partner](#), the case will be considered on its merits, and will need to be supported by evidence that:

- the [non-parent](#) has prime (or joint) responsibility for the [student's](#) care
- the non-parent supports the student wholly or substantially and
- the arrangement is bona fide.

A student is not wholly or substantially dependent on a non-parent if the student's parent (or parent's partner) is:

- supporting the student in the non-parent's home or
- providing financial assistance, directly or indirectly, to the non-parent to support the student.

If a student has been placed in the care of a foster parent by welfare authorities, the foster parent is the applicant. In such cases, the student's [principal family home](#) is the foster parent's home.

2.1.5 Organisations or institutions as applicants

An organisation or institution (referred to here as an organisation) can be an applicant only where it is clear that the organisation cares for the [student](#) without any contribution from a [parent](#). Where a student and one or more parents live with an organisation, the parent is the applicant (and the organisation's premises are considered the student's home).

To be an applicant, an organisation must be a non-government body, must not be receiving a foster care or similar allowance for the student, and must have full responsibility for the upkeep of the student ('full responsibility' is defined below).

The [claim](#) must be signed by the organisation's chief officer or another officer with the power to act on behalf of the organisation (e.g. the principal, manager, executive officer or director). By signing the claim, the officer accepts the obligations set out in [7.2.1](#) on behalf of the organisation.

Where an organisation is an applicant, the income test for Additional Boarding Allowance is waived (see [Part 6](#)).

Organisations may also be nominated by applicants as agents to receive allowance payments on the applicant's behalf (see [5.1.6](#)).

Definition of 'full responsibility' for a student

If the student has been formally placed in the care of the organisation by a state/territory authority or a court, the organisation is considered to have full responsibility for the student.

In other cases, the organisation must clearly show that the student's parents are not involved in decisions about the care of the student, that they do not provide financial support for the student, and that either:

- unsuccessful attempts have been made to locate the parents
- or
- the parents have been asked to complete a claim for the student but have been unwilling to do so (i.e. they have refused to accept responsibility for supporting the student).

Note: Some parents need help to complete the claim. However, where a parent makes decisions about the student's care (such as enrolling them in a particular institution) or contributes to the student's upkeep (even if only to the extent of AIC allowance entitlement), the parent and not the organisation should be the applicant.

2.1.6 Claims received from a parent and from an organisation

If a [parent](#) and an organisation both apply for the same [student](#), evidence will need to show whether the parent or the organisation has primary responsibility for the student. The following factors may be used to decide the approved applicant:

- If the parent directs the AIC allowance payment to the organisation where the student normally lives, this indicates that the parent is contributing to the student's financial upkeep, and the parent is the applicant
- or
- If the parent does not direct the AIC allowance payment to the organisation, the parent should be asked to comment on the [claim](#) that they do not support the student (particularly financially). If they cannot demonstrate such support, the organisation may be the applicant.

2.1.7 Only one claim per student may be accepted

While there may be more than one [approved applicant](#) for a [student](#), only one [claim](#) can be accepted for the student for a particular period.

2.1.8 New claim required when applicant changes

If the [approved applicant](#) changes, a new claim is required.

2.2 Residency requirements for applicants

This section outlines the residency requirements for applicants.

- [2.2.1](#) Australian citizenship or permanent residency
- [2.2.2](#) New Zealand citizenship and permanent settlement in [Australia](#)
- [2.2.3](#) Applicant must normally live in Australia.

2.2.1 Australian citizenship or permanent residency

An applicant must normally live in [Australia](#) (see [2.2.3](#)) and be either:

- an Australian citizen
 - an Australian permanent resident within the meaning of regulation 1.03 of the Migration Regulations 1994
- or
- a New Zealand citizen who meets the permanent settlement rule set out in [2.2.2](#).

An applicant who is not an Australian citizen must provide evidence to support their [claim](#) of permanent residency or settlement.

2.2.2 New Zealand citizenship and permanent settlement in Australia

An applicant who is a New Zealand citizen can be eligible if they are [permanently settled](#) in [Australia](#) and have lived either:

- continuously in Australia for six months or more
 - in Australia for the past 12 months, with no more than two months absence in that period
- or
- in Australia for the past 12 months, with more than two months absence, but can demonstrate continuity of residence in Australia in that period.

An applicant with a [partner](#) or dependent children living in New Zealand should not normally be considered permanently settled in Australia, unless:

- they can show that the [family](#) will be moving to Australia within six months or
- they are permanently estranged from their former partner or children.

2.2.3 Applicant must normally live in Australia

The applicant must normally live in [Australia](#) during the [school year](#) for which benefits are sought. However, an applicant living overseas can receive benefits for an [eligible student](#) who is studying in Australia, provided:

- the applicant is an Australian citizen or permanent resident as defined in [2.2.1](#)
- the applicant normally lives full-time in Australia and
- there is evidence their absence is temporary (e.g. for work or holiday purposes) and that they will be returning to Australia within two years.

The [principal family home](#) must also be in Australia and must continue to meet an isolation condition, where applicable (see Part 4).

2.3 Death of applicant

This section outlines the process for dealing with the death of an [approved applicant](#).

- [2.3.1](#) Where there is more than one applicant
- [2.3.2](#) Where there is only one applicant
- [2.3.3](#) Payments around the date of death.

2.3.1 Where there is more than one applicant

If the [student](#) lives with more than one possible applicant (e.g. with both [parents](#)) and the one who applied for benefits dies, the other is entitled to receive remaining entitlements for the year. However, they will need to lodge a new [claim](#).

2.3.2 Where there is only one applicant

If the [student](#) lives with only one applicant (e.g. a sole parent) and the applicant dies, the continuing eligibility of the student and the payment of benefits for the rest of the year will depend on who now has responsibility for the student and what now constitutes the [principal family home](#). The continuity of schooling concession (see [4.4.5](#)) may apply in such cases.

2.3.3 Payments around the date of death

In the circumstances described in 2.3.1 and 2.3.2:

- If the [approved applicant](#) dies after receiving a term instalment in advance, that instalment stands as the correct payment for the term. Any entitlement due to a person who then assumes responsibility for the [student](#) commences at the beginning of the following term.
- If the approved applicant dies after receiving a fortnightly in arrears payment, the payment made immediately (i.e. up to 14 days) after the applicant's death stands as the correct payment. Any entitlement due to a person who then assumes responsibility for the student commences at the beginning of the pay period immediately following the death.

3 Student eligibility

3.1 Overview of student eligibility

For AIC allowances to be payable for a [student](#), the student must:

- be an Australian citizen or permanent resident who lives in [Australia](#) during the [school year](#) (see [3.2](#))
- meet the age criteria (see [3.3](#))
- be undertaking approved studies (see [3.4](#))
- not be receiving certain other Australian Government assistance (see [3.5](#))
and
- not be in a custodial institution or certain [state-authorised care](#) situations (see [3.6](#)).

The student must also meet one of the isolation conditions ([Part 4](#)) and qualify for an allowance ([Part 5](#)).

Rules for the student's period of eligibility are set down in [3.7](#).

3.2 Residency requirements for students

This section outlines the citizenship and residency requirements for [students](#).

- [3.2.1](#) Australian citizenship or permanent residency
- [3.2.2](#) New Zealand citizenship and permanent settlement
- [3.2.3](#) Student must live in [Australia](#) during the period of study
- [3.2.4](#) International student exchange.

3.2.1 Australian citizenship or permanent residency

To be eligible for assistance a [student](#) must live in [Australia](#) during the period of study (see [3.2.3](#)) and be either:

- an Australian citizen
- an Australian permanent resident within the meaning of regulation 1.03 of the *Migration Regulations 1994*
or
- a New Zealand citizen who meets the permanent settlement rule set out in [3.2.2](#).

Where the student is not an Australian citizen, evidence must be provided to support the claim of permanent residency or settlement.

3.2.2 New Zealand citizenship and permanent settlement in Australia

A [student](#) who is a New Zealand citizen can be eligible for AIC allowances if they are [permanently settled](#) in [Australia](#) and have lived either:

- continuously in Australia for six months or more
- in Australia for the past 12 months, with no more than two months absence in that period
- or
- in Australia for the past 12 months, with more than two months absence, but can demonstrate continuity of residence in Australia in that period.

3.2.3 Student must live in Australia during the period of study

To be eligible for assistance, the [student](#) must be living in [Australia](#) during the period of study, except where they are participating in a student exchange as described in 3.2.4.

3.2.4 International student exchange

Applicants can continue receiving AIC allowances for a [student](#) who is participating in an international student exchange if:

- the student remains enrolled at an Australian education institution and the overseas study is credited to their Australian studies (however, if a student is paid AIC allowances while studying overseas but then needs to repeat all or part of that study in [Australia](#), allowances are not payable for the period of overseas study that does not count towards their Australian studies)
- the student is continuing to incur the costs in Australia for which the allowance is being paid (e.g. if the Australian boarding school is still charging full boarding fees while the student is on exchange);
- and
- the student continues to meet all other eligibility criteria.

3.3 Age limits

This section outlines the age limits for [student](#) eligibility.

- [3.3.1](#) Age limits
- [3.3.2](#) Extension to age limits in special circumstances.

3.3.1 Age limits

AIC allowances can only be paid for [students](#) who either:

- have reached the minimum primary school entry age for their state or territory, and are either:

- primary, secondary or ungraded level students (see [3.4.4](#)) under 19 years of age on 1 January of the year of study
 - tertiary level students (see [3.4.4](#)) and under either the minimum age at which the state or territory requires them to participate in education or 16 years of age, whichever is the greater (this may apply, for example, to some TAFE students)
- or
- receive a concession to the above age limits under Section [3.3.2](#).

The first year of primary schooling is known by various names in different states (see Table 1), but must always be a five day per week or full-time program (see [3.4.1](#)).

Table 1 The structure of Australian schooling

School year level	NSW	VIC	TAS	ACT	NT ^a	NT ^a	SA	WA	QLD
12	Secondary					Secondary			
11									
10									
9									
8									
7									
6	Primary					Primary			
5									
4									
3									
2									
1									
Pre-Year 1	Kindergarten	Preparatory	Preparatory	Kindergarten	Transition	Transition	Reception	Pre-primary	Preparatory

^a For historical reasons, schools in the northern and southern parts of the Northern Territory use two different structures.

AIC allowances are normally not payable for children before they enter one of the programs listed in Table 1. That is, allowances are not payable for children attending institutions outside the mainstream primary system, such as pre-schools (a term commonly used in New South Wales, Queensland, South Australia, the Northern Territory and the Australian Capital Territory), kindergartens (a term used in Victoria, Queensland, Western Australia, South Australia and Tasmania), crèches and other child care centres.

If the child is not yet five years old, the student must either attend a primary school (rather than a child care centre) or be eligible for a concession under 3.3.2.

3.3.2 Extension to age limits in special circumstances

Extension to minimum age

A child may be eligible for an allowance from the age of three years and six months if they have a [disability or other health-related condition](#) that requires them to live away from the [principal family home](#) (see [4.3](#)).

Extension to maximum age

The maximum age limit for primary, secondary and ungraded level [students](#) may be extended by either:

- one year (i.e. the student must be under 20 years of age at 1 January in the year of study) if the student's progress through school has been delayed by special circumstances (such as illness, English language difficulties, transfer from a different education system or periods of employment or training)
- or
- until they turn 21 (see [5.5](#)) if a student who receives a Disability Support Pension or Parenting Payment (Single) and is studying full-time at primary or equivalent ungraded level (see [3.4.4](#)). They may receive the Pensioner Education Supplement under the AIC Scheme.

3.4 Approved studies

This section outlines the level, load and type of approved studies. To be eligible, a [student](#) must be enrolled in and undertaking a full-time study load, offered by an approved institution, in an approved course, at an approved level of study.

- [3.4.1](#) Full-time study load
- [3.4.2](#) Approved institution
- [3.4.3](#) Approved course
- [3.4.4](#) Approved level of study
- [3.4.5](#) Effect of previous studies on AIC allowance eligibility.

3.4.1 Full-time study load

A full-time study load is the amount of work the school, institution or (for home schooling) [education authority](#) regards as a full-time amount for the [student](#).

Where a school allows a student with a [disability or other health-related condition](#) to undertake a reduced study load (less than that required of other students at the same level), that reduced load is also considered to be full-time (see Example 14 under [4.3.5](#)).

If a student's right to attend a school has been temporarily withdrawn because of disciplinary problems, they will be deemed to be carrying the same study load as they would have if they were able to attend school. However, if a student's conduct results in cessation of enrolment at the school they were attending, they will be deemed to have ceased studies from the date that their enrolment ceased.

3.4.2 Approved institution

An approved institution is an institution in [Australia](#) (excluding Norfolk Island) of one of the following types:

- (a) a state school, including a distance education centre
- (b) a non-state school that is not conducted for profit and is recognised by the state/territory Minister responsible for education (recognition may take the form of registration or certification, the payment of government capital or recurrent grants to the school, or the payment of state/territory government allowances or bursaries to its [students](#))
- (c) a technical and further education (TAFE), vocational and technical education (VTE) institution or higher education institution (as defined in [the Act](#))
- (d) a government residential institution or non-residential [special school](#) that caters for children with disabilities or psychological, emotional or behavioural problems
- (e) a non-government residential institution or non-residential special school that caters for children with disabilities or psychological, emotional or behavioural problems, provided that it is accredited for such purposes by Australian Government or state/territory health or education authorities
- (f) a non-government (private) tertiary institution that offers a course accredited by the relevant state/territory government authority, and meets the requirements for the Determination of Educational Institutions and Courses approved by the [Minister](#) under section 5D of the Act.

Students undertaking a course described in 3.4.3(e) may be deemed to be enrolled in an approved institution.

3.4.3 Approved course

An approved course is either:

- (a) a full-time primary or secondary level course (see [3.4.4](#)) involving daily attendance at an approved institution
- (b) a full-time primary or secondary level [distance education](#) course offered by an approved institution of type 3.4.2(a) or type 3.4.2(b), provided that the course is accepted by the state/territory [education authority](#) as a satisfactory alternative to full-time daily attendance at school
- (c) a full-time primary or secondary level course of home tuition that has been approved formally by the state/territory education authority as being a satisfactory alternative to a state-provided education
- (d) any other full-time secondary course at an approved institution, that is recognised under the Determination of Educational Institutions and Courses made by the [Minister](#) under section 3(1) and 5D(1) of [the Act](#)

- (e) a full-time tertiary course offered by an approved institution (see 3.4.2(c) or (f)), that is recognised under the Determination of Educational Institutions and Courses made by the Minister under section 3(1) and 5D(1) of the Act

or

- (f) in the case of a [student](#) at an approved institution specified in 3.4.2(d) or (e), any form of approved full-time study below tertiary level (including ungraded studies).

3.4.4 Approved level of study

An approved level of study is primary, secondary, tertiary or ungraded level:

- primary level study is study in an approved course at a level that is recognised by the state/territory [education authority](#) as primary level
- secondary level study is study in an approved course of the type at 3.4.3(d) or in an approved course that is recognised by the state/territory education authority as secondary level
- tertiary level study is study in an approved course of the type at 3.4.3(e) or in an approved course that is recognised by the authority responsible for accrediting higher education courses or the authority responsible for accrediting vocational education and training courses in the state or territory in which the course is conducted
- ungraded level study is study in an approved course at an institution described in 3.4.2(d) or 3.4.2(e) that is recognised as ungraded (including ‘living skills’) by the state/territory education or health authority.

[Students](#) studying concurrently at a senior secondary institution and a TAFE are considered to be secondary students for the AIC Scheme.

3.4.5 Effect of previous studies on AIC allowance eligibility

A [student’s](#) previous study at primary, secondary or tertiary (including TAFE/VTE) level does not affect their eligibility.

3.5 Effect of other Australian Government payments on eligibility

A [student’s](#) receipt of other Australian Government assistance can affect their eligibility. This section outlines such effects.

- [3.5.1](#) Payments that do not exclude eligibility
- [3.5.2](#) Payments that affect the level of entitlement
- [3.5.3](#) Payments that exclude eligibility.

3.5.1 Payments that do not exclude eligibility

A [family](#) receiving AIC allowances (except the Pensioner Education Supplement) for a [student](#) can also receive Family Tax Benefit, Carer Allowance or Double Orphan Pension.

Students who receive the Disability Support Pension or Parenting Payment (Single) can also receive the Pensioner Education Supplement (see [5.5](#)).

State or territory education and training assistance does not affect eligibility. Most state and territory governments also provide assistance to isolated students, and some tie that assistance to eligibility for the AIC Scheme. Eligibility for the Scheme is not affected by receipt of such assistance.

3.5.2 Payments that affect the level of entitlement

Certain receipts of Australian Government payments (detailed in Section 6.10.2) may automatically entitle an applicant to receive AIC Additional Boarding Allowance.

If an applicant is a foster carer applying on behalf of a [student](#) in an official foster care arrangement and receiving a state/territory foster care or similar allowance, they may qualify for the Basic Boarding Allowance. They may also qualify for the Additional Boarding Allowance only if they are not receiving a foster care or similar allowance from a state/territory government authority (see [5.2.2](#)).

3.5.3 Payments that exclude eligibility

AIC allowances are not payable for a [student](#) if they are receiving other Australian Government education or training assistance, income support, other similar payments, or if another person (such as a [parent](#)) is receiving it on their behalf. Such assistance includes, but is not limited to:

- Youth Allowance
- ABSTUDY
- New Apprenticeships
- Rehabilitation Training Scheme Awards
- Veterans' Children Education Scheme
- Department of Defence Special Education Assistance (for staff at Woomera and Exmouth)
- Exceptional Circumstances Relief Payment
- Interim Income Support
- Community Development Employment Projects (CDEP).

Eligibility for specific AIC allowances may also be affected where an applicant or [partner](#) receives other Australian Government assistance to enable them to purchase the same service or item. For example, the AIC Second Home Allowance is not payable for a home for which rent assistance is provided by the Australian Government (see [5.3.3](#)).

Choice between the AIC Scheme, Youth Allowance or ABSTUDY

Certain students may be in a position where they meet eligibility requirements for Youth Allowance, ABSTUDY or the AIC Scheme concurrently. In these instances, students and their families cannot receive more than one of these payments for the same period for the same student.

If a student is eligible for Youth Allowance, ABSTUDY or AIC allowances (with or without Family Tax Benefit) at the same time, the applicant and student should choose the payment or program that best meets their needs.

3.6 Students in lawful custody or state-authorised care

AIC allowances are not payable for a [student](#) who is in a custodial institution (such as a prison, remand centre or training school) for the period of their custody.

Allowances are not payable for a student who is in [state-authorised care](#) and whose permanent accommodation is financed wholly or substantially by a state or territory government. However, allowances may be payable for a student in the state-authorised care of a foster parent (see [2.1.4](#)).

For [claims](#) by organisations responsible for the foster care of students, see [2.1.5](#). For details of the applicable level of Boarding Allowance in such cases, see [5.2.1](#) and [5.2.2](#).

3.7 Eligibility period

This section outlines the [eligibility period](#) for a [student](#) under the AIC Scheme.

- [3.7.1](#) Eligibility commencement dates
- [3.7.2](#) Eligibility for vacations
- [3.7.3](#) Cessation of eligibility.

3.7.1 Eligibility commencement dates

Eligibility commencement dates vary according to whether the [student](#) is a [short-term boarder](#) and the date they begin studies.

Short-term boarders

Provided all other eligibility criteria are met, short-term boarders are eligible from the day they begin boarding until the day they cease to board.

Other boarders commencing on 1 January

Except in the case of short-term boarders, student eligibility will normally begin on 1 January, provided that:

- the student begins the approved course no later than the 14th day from the start of the [school year](#)
 - for students living away from home, the student begins living at the boarding accommodation or the second home no later than 14 days after the start of the school year
- and
- all other necessary AIC Scheme eligibility conditions are met on that date.

Other boarders commencing after 1 January

Except in the case of short-term boarders, eligibility for students who are not eligible from 1 January normally begins on either:

- the first day of the relevant term or semester, if the student is otherwise eligible on that date and begins the approved course by no later than the 14th day after the start of the term or semester
- or
- where this is not the case and no extenuating circumstances exist, the latest of either:
 - the first day the student begins living away from home (if the student is boarding or living in a second home)
 - the first day the student begins studying full-time
- or
- the first day the student otherwise becomes eligible for an AIC allowance.

Concession for late start

Eligibility for a student who starts studying and/or living away late (as defined above), may be backdated to 1 January or the beginning of the relevant term (as applicable), if the student:

- was prevented from beginning or resuming study and/or living away from home on time because of [unforeseen circumstances](#)
- and
- started studying and/or living away from home as soon as possible after those circumstances ceased.

3.7.2 Eligibility for vacations

Except for [short-term boarders](#) (see [3.7.1](#)), once a [student's](#) eligibility has begun, their eligibility for vacations during the year is determined as follows:

- The student may receive benefits for the vacation period if they resume study no later than the 14th day of the following term, or if they were prevented from doing so because of [unforeseen circumstances](#).
- The student will not be eligible for the vacation period if they resume study after the 14th day of the following term, due to circumstances within the [family's](#) control.

Where the student resumes study on time but the allowance type for which the student qualifies has changed, the allowance type payable on resumption of studies is payable for the vacation period.

3.7.3 Usual date for cessation of eligibility

Except for [short-term boarders](#) (see [3.7.1](#)), the date on which eligibility ceases is determined as follows:

- If the [student](#) continues to the end of the [school year](#), they are entitled to payment until 31 December of that year.
- If the student discontinues before the end of the school year, their eligibility ceases on the day they discontinue full time study.

If a student for whom payment is made in advance by term instalments (see [5.1.4](#)), discontinues on the last day of a term other than the final term, and that day precedes the end of the corresponding instalment period, the student's entitlement continues until the end of the instalment period (see [5.1.4](#)).

Example 1: Discontinuation on last day of school year
Harold discontinues at his boarding school in Victoria on the last day of third term on 18 September. He is entitled to benefits until 30 September (the last day of the third term instalment period).

3.8 Death of student

If an [eligible student](#) dies before a payment has been made, their entitlement should be calculated in accordance with the provisions of [3.7](#) to the date of that [student's](#) death.

If an [approved applicant](#) receives an advance payment for a period (e.g. a term instalment) for a student who subsequently dies, that instalment stands as the correct payment for the period. No attempt should be made to recover any part of the payment from the applicant.

If an applicant receives a fortnight in arrears payment for a student who subsequently dies, the payment made within 14 days after the student's death stands as the correct payment due to the applicant.

4 Isolation conditions and special needs

AIC allowances are intended for the [families](#) of [students](#) who do not have reasonable daily access to an [appropriate state school](#). This may be because of geographical isolation or because of the student's special needs.

Section [4.1](#) gives basic definitions. Section [4.2](#) describes the rules for determining geographical isolation. Section [4.3](#) covers special needs, while Section [4.4](#) describes lack of access for reasons other than geographical isolation.

4.1 Summary and definitions

This section summarises and defines basic factors used to assess the [student's](#) access to education.

- [4.1.1](#) Reasonable daily access
- [4.1.2](#) Nearest [appropriate state school](#)
- [4.1.3](#) Limited program schools.

4.1.1 Reasonable daily access

Reasonable daily access is determined by the [student's](#) proximity and their ability to attend their nearest [appropriate state school](#) on a daily basis.

4.1.2 Nearest appropriate state school

Usual definition

The nearest [appropriate state school](#) is normally the state school that is nearest the [principal family home](#) by accepted travel routes and is appropriate for the [student's](#) level of education.

Where the nearest state school is identified by the state/territory government education authority as a 'selective' or 'specialist' school, it is not considered to be the nearest appropriate state school unless it is the school the student is attending.

If the student has special needs, as defined in [4.3](#), the nearest appropriate state school will be the nearest state school that can meet those needs.

Several schools within 56 kilometres

Where there is more than one appropriate state school within 56 kilometres of the principal family home, the nearest school is the one with the nearest available transport service (see [4.2.2](#)).

Tertiary student

The nearest appropriate state school for a tertiary student is the nearest state school that offers the year or grade of secondary schooling that would be appropriate for the student, if they had continued to study at a secondary school.

Example 2: Bus service available

Bruce's principal family home is a property on the plains below a mountain range. The nearest school is in a town in the mountains (School A), 30 kilometres from Bruce's home. The nearest transport service to School A is 20 kilometres away. Students in the plains area normally go to the school in a town on the plains (School B), 40 kilometres away. The nearest bus service to School B is 3 kilometres from Bruce's home. Although Bruce lives closer to School A, his nearest appropriate state school is School B. Therefore, Bruce is not geographically isolated from School B.

Principal family home near state/territory border

If the student attends a school in the home state/territory, the nearest appropriate state school is the school meeting the usual definition (see above) in the same state/territory as the principal family home (even if there is a closer school in the adjacent state/territory).

If the student attends a school in another state/territory, the nearest appropriate state school is the school meeting the usual definition (see above) in either the home state/territory or the adjacent state/territory.

4.1.3 Limited program schools

Limited program schools are not [appropriate state schools](#) when determining a [student's](#) geographic isolation for AIC Scheme eligibility. These schools must be identified by the state/territory government education authority responsible for that jurisdiction and are:

- primary schools where the syllabus and teaching arrangements are specifically geared to cater for the needs of Aboriginal or Torres Strait Islander students.
- secondary schools that either:
 - do not offer a full range of years or grades
 - do not provide adequate facilities or programs to enable a student to gain a Year 12 certificate or tertiary entrance scoreor
 - have a syllabus and teaching arrangements that are specifically geared to cater for the needs of Aboriginal or Torres Strait Islander students.

4.2 Geographical isolation rules

This section outlines the geographical isolation conditions that must be met by the [student](#) to be eligible for the AIC Scheme.

- [4.2.1](#) Summary of rules
- [4.2.2](#) Applying Rules 1 and 2 (distance to school)
- [4.2.3](#) Applying Rule 3 (reasonable access).

4.2.1 Summary of rules

A [student](#) is regarded as geographically isolated from appropriate schooling if one of the following rules is met:

- *Rule 1:* The distance between the [principal family home](#) and the nearest [appropriate state school](#) is at least 56 kilometres by the shortest practical route
- *Rule 2:* The distance between the principal family home and the nearest appropriate state school by the shortest practical route is at least 16 kilometres *and* the distance between the principal family home and the nearest available transport service to that school is at least 4.5 kilometres by the shortest practical route
- *Rule 3:* The student does not have reasonable access to an appropriate state school for at least 20 school days in a year because of adverse travel conditions (e.g. impassable roads) or other [circumstances beyond the family's control](#).

4.2.2 Applying Rules 1 and 2 (distance to school)

Rules 1 and 2 are based on the distance between the [principal family home](#) and the nearest [appropriate state school](#).

Evidence requirements

A [claim](#) on the basis of Rule 1 or Rule 2 does not have to be supported by evidence to confirm geographical isolation. However, additional information may be requested to independently verify the claim at any time.

Measuring distance to school

Where there is no transport service and one cannot be made available, the distance from the principal family home to the school is measured from the front door of the home to the school by the shortest practical route.

Where a transport service is available or could be made available if requested, the shortest practical route is:

- the distance from the home to the nearest available transport service by the shortest practical route
plus
- the distance from the transport service to the school by the route used by the service (or connecting services).

Where morning and afternoon transport services differ in length, the average of the two is taken.

Nearest available transport service

The nearest available transport service is the nearest pick-up point for any regularly scheduled public transport, private carrier or school service going to the school or connecting with other transport going to the school. This includes a pick-up point that the carrier would make available if the [family](#) were to request transport to a local school.

4.2.3 Applying Rule 3 (reasonable access)

Rule 3 applies where the [student](#):

- does not have reasonable access to an [appropriate state school](#) for at least 20 school days in a year because of adverse travel conditions or other [circumstances beyond the family's control](#)
or
- would not have such access if they did not board away from home, live in a second home or study by [distance education methods](#).

Adverse travel conditions or circumstances may include impassable roads due to special weather conditions, lack of access to a vehicle or inability to drive for medical reasons, and other unusual circumstances of isolation (e.g. the student lives on an island that is not serviced by regular public transport).

Other circumstances beyond the family's control may be approved, provided they are supported by independent evidence that clearly establishes the circumstance and impact on the student's daily access to schooling.

Student without reasonable access

A student does not have reasonable access to an appropriate state school if, for at least 20 school days in a year they either:

- cannot get to school
- the travel time for the return journey to school is at least three hours
or
- the route the student must travel equals or exceeds the distances set down in Rule 1 and Rule 2.

Principles to determine circumstances beyond the family's control

To satisfy Rule 3, the circumstances that prevent the student's reasonable access to school must be beyond the [family's](#) control. A student should not be considered geographically isolated if the family's lifestyle choices (such as holidays and working

hours), commitments or domestic behaviours make it inconvenient or difficult (rather than not feasible) to transport the student to school, or if the family chooses not to use the local school for reasons beyond the intent of the AIC Scheme.

A concession under Rule 3 is not available where the student has been excluded or banned from the available transport service by the transport company in consultation with education authorities.

Circumstances normally considered within the family's control include:

- an impassable road on the family's property (unless it can be proven that the situation is temporary and was unforeseeable)
- a student's exclusion from the available transport service by the transport company in consultation with education authorities as a result of disciplinary matters
- inability to use a private vehicle because the applicant or their [partner](#)'s licence has been legally removed as a punitive measure by a court or legal authority.

Example 3: Lifestyle choices

Stephen's parents have moved to a hobby farm 14 kilometres from the nearest high school. There is no public transport available. His father drives 38 kilometres to work in the nearby city, leaving at 7:30 a.m. daily and arriving at his office at 8:15 a.m. Stephen's mother works in town near the high school and leaves his baby sister at a child care centre at 7:45 a.m., which she says is too early for Stephen to arrive at school. This case would not be approved, as it cannot be claimed that Stephen does not have 'reasonable daily access' to a school. His parents have made lifestyle choices that make it inconvenient, rather than unreasonable, for them to get Stephen to school.

Evidence requirements

A claim on the basis of Rule 3 must be supported by evidence that substantiates the existence of adverse travel conditions or other circumstances beyond the family's control and the effect they have on the student's ability to get to school. Additional supporting evidence may be required to independently verify the claim at any time.

The applicant needs to show that the student's attendance at school, travel time or travel distance is affected on at least 20 school days in a year, or would be if they did not board away from home, live in a second home or study by [distance education methods](#).

Where possible, evidence of the impact on the student's attendance should be provided for the previous year. If this is not available for the student, records for a sibling or another student in similar circumstances may be accepted.

Where such information is not available, evidence of adverse travel conditions or other circumstances must be detailed enough to demonstrate their impact on daily attendance at the school.

Claims on the basis of travel time or distance should explain how these are or were affected by the adverse conditions or other circumstance.

Measuring distance

For Rule 3, distance is measured in the same way as for Rules 1 and 2.

If the school transport service route or pick-up point varies on a daily, weekly or monthly basis, so that the distance criteria are met on at least 20 school days in a year, the student is considered to meet Rule 3.

Where the routes of the morning and afternoon transport services differ in length, the two will be averaged.

Measuring travel time

Where a claim is made on the basis of excessive travel time, the travel time must be based on:

- public or school transport routes and timetables, where travel is by such transport and/or
- the shortest practicable route, where travel is by private transport.

In measuring travel time, the following speeds and/or times apply:

- where travel is by private road transport, the legal speed limit less 10 kilometres per hour, or 40 kilometres per hour, whichever is the lesser
- where travel must be by private water transport, the lesser of the legal speed limit and 4 knots; where no speed limit applies, 4 knots
- where travel to school is by public or school transport, timetabled travel times
- where the student is required to walk to the pick-up point, a walking speed of 2.5 kilometres per hour
- where the student is required to wait at a pick-up point before commencing each leg of the journey, an additional 10 minutes waiting time per leg.

Travel time ceases when the student reaches their final destination (the school or the home, whichever is applicable).

If the school transport service route or pick-up point varies on a daily, weekly or monthly basis, so that the travel time criteria are met on at least 20 school days in a year, the student is considered to meet Rule 3.

Where the routes of the morning and afternoon transport services differ in length and therefore the time taken, the two times will be averaged.

Special weather conditions

Weather conditions leading to a student's absence from school in the current or previous year can be considered as circumstances beyond a family's control. Such conditions do not have to be extraordinary or abnormal, but evidence must demonstrate that the conditions prevent the student from getting to school for at least 20 school days a year. For example, the conditions of Rule 3 would be met if rainfall could be expected to make roads impassable on at least 20 school days in a year.

Evidence that can be considered to validate an applicant's claim on this basis is either:

- confirmation by the school that there is a [likely](#) possibility of 20 days of absence
- historical weather reports

and/or

- the student's record of attendance for the previous one or more years, or their sibling's record (if circumstances were similar).

Impassable roads

If there is no evidence that the student's (or their sibling's) school attendance has been previously affected by impassable roads, one of the following must be provided:

- a report from the operator of the school bus service, indicating how the bus route (or the student's access to it) was affected and the number of days over the relevant period on which it was affected
- a report from the shire/council engineer or other similar officer
 - stating that the road in question was impassable on particular dates and giving the reasons (e.g. rainfall, road construction)
 - or
 - describing in detail the weather or other circumstances in which the road becomes impassable, how long it remains impassable, and evidence (e.g. rainfall records) showing the dates on which those circumstances occurred in previous years (where the officer gives a professional opinion about the impact of the described circumstances, this should be taken into account)
- a report from a local, state or national authority having prime responsibility for roads, water or land management
 - stating that the road in question was impassable on particular dates and giving the reasons (e.g. rainfall, road construction)
 - or
 - describing in detail the weather or other circumstances in which the road becomes impassable, how long it remains impassable, and evidence (e.g. rainfall records) showing the dates on which those circumstances occurred in previous years (where the officer gives a professional opinion about the impact of the described circumstances, this should be taken into account).

Rainfall levels, other weather conditions or the material used in road construction are only relevant to the extent that they contribute to a road being impassable.

Non-access to private transport

Claims on the basis that the applicant and (where applicable) their [partner](#) do not have access to a vehicle or are medically unable to drive a vehicle must be accompanied by appropriate documentation (e.g. medical reports, police statements, or confirmation that there is no record of a registered vehicle). The evidence provided should state the duration of the situation.

Where an applicant and/or their partner's access to a vehicle, has been removed by a court (i.e. due to conviction) or other legal authority (i.e. police officer), the intention of this policy is not met and a student's geographic isolation needs to be established using other criteria.

4.3 Students with special needs

This section outlines the criteria that allow [students](#) with special needs to be eligible for the AIC Scheme.

- [4.3.1](#) Summary
- [4.3.2](#) Definition of a disability or health-related condition
- [4.3.3](#) Evidence requirements
- [4.3.4](#) Duration of special need assessment
- [4.3.5](#) Types of special needs.

4.3.1 Summary

Where a [student](#) has a [disability or other health-related condition](#) or a special education need that requires a [special school](#) program, special facilities and/or a special environment, the nearest [appropriate state school](#) (for the purposes of the geographical isolation rules outlined in [4.2](#)) is the nearest state school that can provide, or is close to, the required services.

Types of special needs are set out in [4.3.5](#).

4.3.2 Definition of a disability or other health-related condition

A [disability or other health-related condition](#) is defined as either:

- a physical or intellectual disability
 - a psychological, emotional or behavioural problem
 - a medical condition
- or
- pregnancy.

In this part of the guidelines, ‘condition’ includes disabilities and other health-related conditions.

4.3.3 Evidence requirements

Except for [students](#) who attend a [special school](#), [claims](#) on the basis that the student has a special need will normally need to be supported by evidence. The sections in [4.3.5](#) dealing with types of special needs give details of the evidence required in each case.

Evidence is not required if the applicant confirms that the circumstances of an earlier approved claim have not changed and:

- it is clear from that the student’s condition is permanent and requires ongoing access to facilities or an environment that is not available locally
 - the student’s course or treatment will carry on for the current year
- or

- the student had a demonstrated special need in Year 11, is entering Year 12 at the same school, and is eligible for the Year 12 continuity of schooling concession (see [4.4.5](#)).

Evidence must relate to the period of AIC Scheme eligibility. This requirement ensures that a change in circumstances (e.g. availability of special facilities close to home, or an end to the need for treatment) has not affected eligibility.

4.3.4 Duration of special need assessment

Some circumstances giving rise to a special need are temporary. The evidence in support of [claims](#) of this type must include an estimate of the duration of the condition or circumstance, or, if an estimate is not possible, be dated no earlier than 1 July of the year before the one to which the claim relates.

A special need assessment may carry over to allow continuity of schooling (at the same school) until the end of the [school year](#) or until an allowance ceases to be payable (e.g. because the [student](#) ceases to board away). See also [4.4.5](#) for the continuity of schooling concession.

4.3.5 Types of special needs

Student attends a special school

A [student](#) can be regarded as having a special need if they attend a [special school](#) that addresses the student's specific educational requirement and meets the AIC Scheme's geographic isolation criteria (see [4.2](#)).

A mainstream school that has special facilities for students with disabilities, health-related conditions and/or learning difficulties is not regarded as a special school. Students attending such a school must be assessed according to [Student needs access to special facilities or a special environment](#).

A [claim](#) for a student who attends a special school does not normally need to be supported by evidence. The fact that the student attends the school will normally establish that the student has special needs. However, if a student who normally attends a special school near the [principal family home](#) and requires access to additional specialist assistance, evidence must be provided to demonstrate that the special school is not an appropriate school for that assistance.

Student needs access to special facilities or a special environment

A student can be regarded as having a special need if they need access to special facilities or a special environment to help manage or overcome a condition that precludes access, or is [likely](#) to preclude access, to their local state school for more than 20 school days in a year. 'Special facilities or a special environment' includes:

- a special centre which caters for the student's condition and which they must attend [part-time](#) while spending the remaining time at school

- special educational or physical facilities within a normal school (e.g. a visiting specialist teacher for blind students, or ramps for easy wheelchair access)
- in the case of a psychological, emotional or behavioural problem, the controlled environment and close supervision that are normal features of boarding institutions
- an environment with a climate that gives relief from a condition associated with the climate in the vicinity of the [principal family home](#)
- an environment in which the student can avoid the ill effects of lengthy daily travel or
- an environment in which the student can obtain essential and extensive medical treatment.

A [claim](#) of this type must be supported by medical evidence and (where applicable) a statement from the school or service offering the facility or treatment, outlining how it will aid the management of the condition. Evidence from a specialist is necessary for conditions that require specialist treatment (e.g. psychiatric or severe allergic conditions). The evidence must establish the nature of the condition and clearly demonstrate that:

- the special facilities or environment are not accessible at a local school or in the vicinity of the principal family home
- the student’s condition is better managed or overcome by access to the facilities or environment at the boarding (or second home) location
- where applicable, the special facilities or environment are necessary to such an extent that the student must live away from home rather than access them periodically.

For medical conditions that are not clearly serious (e.g. allergy, conditions affecting travel), the evidence must also demonstrate that:

- there is no suitable medication or treatment that is both reasonably available and able to alleviate the effects of the condition
- the condition is likely to result in the student being absent from local schooling on at least 20 school days in a year.

Example 4: Taunts and ridicule

Dylan’s father is in prison and Dylan has faced taunts and ridicule in the small town where he lives. He starts skipping school and his behaviour and emotional health deteriorate to the extent that doctors and school guidance counsellors strongly recommend he board for the rest of the year in the supervised environment of a boarding school. A claim may be approved because the evidence makes it clear that he needs to board to achieve and maintain his emotional health.

Example 5: Sibling’s problems

Kelly’s younger sister has multiple intellectual and behavioural problems that require significant attention from her parents. They seek assistance for Kelly to go to boarding school, as they are worried that her senior secondary education will suffer because of the disruptive atmosphere at home. To date, Kelly has done well at her local school, and there is no evidence that she has any psychological or behavioural problems. This claim should not be approved.

Example 6: Daily travel and health

Donna, 14, has rheumatoid arthritis. Although her condition can be alleviated to some extent by medication, it is made worse by frequent and lengthy travel. Her condition requires regular supervision by a medical specialist. Donna’s family provides evidence that her health will be adversely affected by her continuing to travel the long distance to and from her local school. The claim may be approved.

<p>Example 7: Motion sickness</p> <p>During the week, Andrea attends boarding school in a city 1½ hours drive from her home. Her route to the city passes the local secondary school, which is 25 kilometres from her home and connected by a school bus service. Her mother applies for the AIC Scheme on the grounds that Andrea suffers from motion sickness and cannot travel to school daily (but can travel the longer distance to and from the boarding school each week). A GP's certificate states only that Andrea suffers from motion sickness. The claim should not be approved because the medical evidence does not clearly show that her motion sickness is so severe that her health is adversely affected by the daily travel to school, or that there is no suitable medication to alleviate the problem.</p>	<p>Example 8: Specialist medical needs</p> <p>David lives in a rural town. He is in remission from leukaemia but needs frequent medical checks from a city-based specialist. His parents apply for the AIC Scheme so that he can attend school and board in the city, close to the specialist who is supervising his case. AIC Scheme claim may be approved because David is in need of essential and frequent medical services that are not available in his home town.</p>	<p>Example 9: Proximity of specialist medical services</p> <p>Penelope attends a boarding school in a provincial city. Her mother applies for the AIC Scheme on the grounds that her daughter suffers from asthma and must visit her specialist regularly. The specialist lives in the capital city, which is closer to the principal family home than to the boarding school. The AIC Scheme claim should not be approved because, if access to the medical specialist were the reason for Penelope's attendance at boarding school, the chosen school would be near the specialist for easy access, which is not the case.</p>
<p>Example 10: Non-essential medical need</p> <p>Dominic, Carly and Brendan have been registered to attend boarding school as each reaches Year 7. The dentist in their home town suggests that the two eldest children would benefit from specialist orthodontic treatment once they are living in the city. Soon after starting boarding school, Dominic begins a course of orthodontic treatment. His father applies for the AIC Scheme. This claim should not be approved, because it has not been clearly demonstrated that the orthodontic treatment is 'essential and extensive' medical treatment, or that the condition is likely to result in at least 20 school days absence a year. From the information given, it seems that the specialist orthodontic treatment is a consequence of its accessibility from the boarding school.</p>	<p>Example 11: Medical hazard in local environment</p> <p>Elliot, 10, has lived all his life in a mining town. Medical tests show that heavy metal levels in his blood are abnormally and dangerously high, and that his intellectual development is at risk. Medical authorities advise his parents to board him away from home as soon as possible, and the parents apply for the AIC Scheme. The claim may be approved, because it is clear from the medical evidence provided that Elliot's health would be adversely affected should he continue to study in his home town, which has an environment that is directly causing his health condition.</p>	<p>Example 12: Medical condition not connected with local environment</p> <p>Elissa has suffered from asthma all her life. It is kept under control by medication. There is no evidence that her condition is worsened or improved by living in different environments. She is due to go away to boarding school in Year 8, and her mother applies for the AIC Scheme on the grounds that Elissa suffers from chronic asthma. Approval should not be granted, as no evidence has been provided to show that Elissa's health will be adversely affected if she continues to study in her home town.</p>

Student needs to study from home

A student can be regarded as having a special need if they study by distance education because of a condition that:

- needs facilities and/or environmental conditions (e.g. care) available from the family home
- or
- requires the student to avoid travel of the sort that would be necessary to attend school each day.

A claim of this type must be supported by medical evidence that establishes the nature of the condition.

Evidence from a specialist is necessary for conditions that require specialist treatment (e.g. psychiatric or severe allergic conditions).

For conditions other than pregnancy, it must be clear that it would be harmful to the student's health (not merely a discomfort) if they were to attend school daily. For medical conditions that are not clearly serious (e.g. allergy), the evidence must demonstrate that:

- there is no suitable medication or treatment that is both reasonably available and able to alleviate the effects of the condition
- the condition is likely to result in the student being absent from local schooling on at least 20 school days in a year.

Student needs to be removed from local school environment

A student can be regarded as having a special need if they need to be removed from the local school because of either:

- interpersonal problems affecting psychological, emotional or physical health (e.g. bullying, harassment)
- or
- expulsion from school.

A claim of this type must be supported by a statement from the chief executive of the state/territory government education authority or their delegate, indicating:

- the reason for the removal of the student (in broad terms only, e.g. interpersonal problems affecting health, expulsion)
- that the [family](#) and the school have attempted, without success, to resolve the problem
- and
- that there is no suitable local school that the student can attend daily.

Example 13: Student pregnancy

Brenda, 15, is 6 months pregnant and does not want to continue going to the local high school. Her teachers arrange for her to study at home and help her to enrol at a distance education centre. Distance Education Allowance may be approved.

Example 14: Reduced capacity

Shelley, 12, has been diagnosed with a brain tumour. She is trying to keep up with her schoolwork by studying at home by distance education methods, while undergoing extensive medical treatment. She can concentrate only for short periods, and the distance education centre expects her to submit assignments only as and when she feels able to do so. Distance Education Allowance may be paid as long as the school considers Shelley to be enrolled and studying full-time, even though she has a workload smaller than other students.

If the claim is on the basis of a [disability or other health-related condition](#), it must also be supported by medical evidence that establishes that there is a health-related problem and recommends that the student be removed from the school.

Student needs testing or support for a learning disability

A student can be regarded as having a special need if they need to be away from home for at least five days to undertake diagnostic testing and/or receive support for a learning disability at an institution or centre providing specialist services of that type.

The placement must be with the approval of the relevant [education authority](#) and/or the institution concerned.

A claim on this basis must be supported by a statement from the education authority, or their delegate (e.g. an educational psychologist). The statement must also give the period for which testing/support is required.

Note: A statement from a teacher or counsellor at the school is not sufficient evidence on its own.

Student needs learning support

A student can be regarded as having a special need if they require access to a program delivered by a specialist teacher or facility for learning support.

The program must be of at least one and a half hours per week in an area of specific learning difficulty, disability or ESL need. It is not sufficient that the program merely involves increased individual attention or a modified course of the type generally available to students with learning difficulties in mainstream schools.

The student may receive the learning support at either the school or institution that they attend full-time, or at a centre that they attend part-time while spending the rest of the school week at a mainstream school.

A claim on this basis must be supported by evidence to verify the need for specialist learning support, in the form of a recent written recommendation (see [4.3.3](#) and [4.3.4](#)) from either:

- the relevant [education authority](#) at the appropriate regional district office level or
- a specialist assessment service used by such authorities (e.g. an educational psychologist, child psychologist or health professional).

Note: A statement from a teacher or school is not sufficient evidence.

Evidence is also required from principal of the school or director of the facility that provides the support, giving details of the program.

Example 15: Need for ESL classes

Julio's family has arrived from Chile and is living in a medium sized country town. While the local school offers a broad range of subjects, there are no teachers with English as a second language (ESL) skills. Julio, in Year 8, is finding it very hard to cope and his work is getting worse. The education authority maintains that he needs to attend a school that provides specialist ESL classes. The boarding school Julio is to attend provides evidence that it can meet this need. Boarding Allowance may be approved.

the

Together, the evidence must clearly demonstrate that:

- the student requires specialist learning support to assist with a particular learning disability or English as a Second Language (ESL) needs
- the student is receiving assistance of at least one and a half hours a week in a class from a specialist teacher
- the assistance required is of a type that is not available locally.

If a report recommends that a student receive specialist assistance for a period of at least two years, a second such report will not be needed until the beginning of the third year. The maximum period of benefits that can be based on a single report is two years. Evidence from the local school or facility confirming that the assistance cannot be provided locally, however, must be provided each year.

Student would suffer serious educational disadvantage at local school

A student can be considered to have a special need if it can be demonstrated that they would suffer a serious educational disadvantage if they had to attend the local state school. A claim must be supported by written confirmation from the state/territory government education authority and within the scope of the AIC Scheme (detailed below).

A student cannot be considered as suffering from serious educational disadvantage solely on the basis of either:

- a desire for the student to attend a school of choice, including a school that is classified as ‘specialist’ or ‘selective’ or a school that will ‘enhance the student’s academic prospects’
 - the standard of teaching facilities
 - the socio-economic, racial or ethnic mix of a school
 - non-core subjects (e.g. subjects other than maths, science and English) being studied by [distance education methods](#)
 - inability to continue study in the same subjects or the same system after the student’s [parents](#) have moved from one non-geographically isolated area to another
 - family connections with another school
 - difficulties with out-of-school care arrangements
- or
- a desire for a family to send a child to a boarding school.

A claim that a student would suffer serious educational disadvantage must be supported by a statement from the chief executive officer of the state/territory government education authority (e.g. the Director-General) or their delegate. The statement must:

- give the reason that the local school is inappropriate for the student’s needs
- confirm that the student would be seriously educationally disadvantaged if unable to study elsewhere
- state that the state/territory authority has no objection to AIC allowances being paid.

If the state/territory government education authority is supporting a claim on the basis that the student cannot appropriately access a specific ‘core’ subject, or a range of

subjects to achieve a ‘core competency’ (e.g. where teaching is conducted without a qualified teacher in physical attendance i.e. through video conferencing), then the supporting statement must also specify that:

- the particular ‘core’ subject is an essential part of study for all students in the jurisdiction, at that particular year level; or, in educational jurisdictions that define core competencies, the core competency cannot be met by any of the subjects offered at the school
- delivery of the subject by correspondence is not appropriate for this individual student.

<p>Example 16: Core subject not available face to face</p> <p>Allison is in Year 11 and must study English, a ‘core’ subject, through distance education modules. She is seeking to bypass the local school to access an AIC allowance. Her claim is submitted with a supporting statement from the .education authority, confirming that Allison is suffering serious educational disadvantage because she cannot get face-to-face tuition in English. The claim may be approved, because English is a core subject in Year 11.</p>	<p>Example 17: Elective subject not available</p> <p>Jeremy, who is in Year 9, wants to study Japanese at the private boarding school his father attended in the city. The school he currently attends offers a standard range of subjects to Year 12, including French but not Japanese. An AIC Scheme claim on these grounds should not be approved, because a desire to attend a school to enhance a student’s academic prospects is outside the scope of the scheme.</p>	<p>Example 18: Elective subject not available face to face</p> <p>Carrie, 16, attends a girls’ boarding school in the city, where she is studying Spanish. Her local school in the country does not teach Spanish on a face-to-face basis, but can allow Carrie to study the subject by distance education methods. An AIC Scheme claim on this basis should not be approved, because it is not expected that all students at Carrie’s year level learn Spanish (i.e. Spanish is not a ‘core’ subject).</p>
<p>Example 19: Specialist or selective school</p> <p>An education authority has reclassified a number of state high schools as ‘specialist’ schools. Mary has gained a place in one such school for gifted and talented students but she lives too far away to attend on a daily basis. Her father enquires about the AIC Scheme to help with her boarding costs. A claim should not be approved unless there is no appropriate state school within the distances specified in Rules 1 and 2.</p>	<p>Example 20: Boarding for non-educational reasons</p> <p>Craig and Stuart’s mother died 2 years ago. Their father has enrolled them at a boarding school in the city, as he finds it difficult to care for them on his own. An AIC Scheme claim should not be approved, as the boys are not boarding to fulfil an educational or medical need.</p>	<p>Example 21: Education authority refuses recommendation</p> <p>Phoebe’s elder sister Phillipa received AIC allowances in Years 11 and 12 because the local school catered to Year 10 only. The school now provides up to Year 12, but there are only two students in Year 11 and all subjects except English are delivered by distance education methods. Phoebe’s parents believe she would be disadvantaged at the local school, and want her to board. A teacher supports the family’s case, but the education authority makes no recommendation. An AIC Scheme claim cannot be approved.</p>

4.4 Students deemed to be isolated

In certain circumstances, a [student](#) can be regarded as not having reasonable daily access to an [appropriate state school](#) without meeting a geographical isolation rule (see [4.2](#)). This section outlines the circumstances in which a student may be deemed to be isolated.

- [4.4.1](#) Student lives in a [special institution](#)
- [4.4.2](#) Parental occupation involves frequent moves
- [4.4.3](#) Student and sibling live in a [second family home](#)
- [4.4.4](#) Student's sole parent's occupation requires frequent overnight absences
- [4.4.5](#) Continuation and concessions.

4.4.1 Student lives in a special institution

A [student](#) may be deemed to be isolated if, because of the nature and extent of a [disability or other health-related condition](#), it is necessary or preferable for him or her to live at a [special institution](#).

A [claim](#) for a student who lives in a special institution does not need to be supported by evidence. The fact that the student lives in the institution will normally establish their need to reside at the special institution.

For assessment purposes in cases of 4.4.1, 'to live' is considered to be a period of at least twenty continuous school days.

Note: The student must still undertake an approved course (see [3.4.3](#)) at an approved institution (see [3.4.2](#)). The special institution does not necessarily have to be a school (or approved institution). That is, the student may live at a special institution and attend school at another institution, such as a [special school](#).

4.4.2 Parental occupation involves frequent moves

A [student](#) may be deemed to be isolated if all the following conditions are met:

- either [parent](#) has an occupation where an itinerant lifestyle is a necessary requirement for their livelihood
- the occupation requires that parent to work on site
- the occupation necessitates the relocation of the [family](#)
- that parent relocates at least five times a year for work purposes.

A student should not be deemed isolated under this provision where:

- the parent operates out of a base, as they are not relocating the family
- the parent works solely in a geographically limited area where they could reasonably be expected to maintain a fixed address (e.g. solely within a metropolitan area or within 56 kilometres of a town or city)
- the parent is subject to transfer every two or three years (e.g. police officers, defence service personnel, teachers) and could normally be expected to spend at least one full [school year](#) in the one location (even if they have moved more than once in a particular school year)

- the primary reason for travelling and seeking work is for a ‘working holiday’ or to do unpaid voluntary work
or
- the occupation of the parent could reasonably be maintained within a limited geographical area (e.g. if the parent chooses to be mobile to fill a niche gap in the skills market).

The ownership of a family home in a particular locality does not necessarily affect eligibility under this provision, except when:

- one parent lives there while the other moves about for work purposes
or
- the student lives there while both parents are absent.

An applicant’s [claim](#) will be considered according to their individual circumstances. A claim for a student whose parent’s occupation involves frequent moves must be supported by:

- a statement of the family’s projected itinerary for the school year for which the AIC allowance is sought
- where relevant, a statement of the family’s itinerary (including locations and dates employed at those locations) over the previous 12 months
- verification of the family’s past and proposed movements, in the form of employers’ statements or similar evidence.

Example 22: Itinerancy for smaller part of the year

Mr and Mrs Brown run a business that excavates and prepares land for commercial property development. Most sites are in the metropolitan area, and the couple work at an average of six sites a year. They often spend up to 3 days and nights camping on site while blasting and clearing the area. Their sons attend a private boarding school in a provincial city, and Mr Brown applies for the AIC Scheme under the itinerancy provision. The claim should not be approved, as the principal family home is lived in by one or both parents for most of the year and at no time are the parents more than 56 kilometres from home.

Example 23: Itinerancy for non-essential reasons

Mr and Mrs Adams resign from their jobs and begin the round-Australia working holiday they have been planning for some years. They enrol their two daughters in boarding school and apply for the AIC Scheme under the itinerancy provisions. The claim should not be approved, as the Adams family is moving for holiday purposes, seeking work in the areas they travel to, and their occupation is not the main reason for the moves.

The applicant’s claim needs to be supported by evidence that this travel is a necessary part of earning their livelihood, and not merely a preference. Evidence is required to show that their particular trade or skills directly cause their itinerancy.

If a family can demonstrate a detailed history of itinerancy in the previous 12 months, this will help substantiate their claim.

4.4.3 Student and sibling live in a second family home

A [student](#) may be deemed to be isolated if they live in an approved [second family home](#) (see [5.3.3](#)) with a sibling who:

- meets an isolation condition (except under this provision)
and
- qualifies for the Second Home Allowance.

This provision is also extended to a student with a sibling who:

- is a secondary student aged 16 years or over
 - meets an isolation condition (except under this provision)
 - is receiving Youth Allowance or ABSTUDY at the ‘standard rate’ (or the ‘away rate’ if a [parent](#) is not living in the second family home)
- and
- was eligible for an AIC allowance (in the current or a previous year) immediately before transferring to Youth Allowance or ABSTUDY.

Since the student may be deemed isolated only on the basis of a sibling, this assessment will not be made until the sibling’s [claim](#) (for the AIC Scheme, Youth Allowance or ABSTUDY) is approved in the year of assistance.

Normally, additional evidence will not be necessary to support a claim on this basis, as the relevant information will be available from the sibling’s (or the student’s) claim.

Where a student has been deemed isolated under this provision and the sibling ceases to receive student assistance (e.g. because they discontinue study), the student may remain eligible under the continuity of schooling concession (see [4.4.5](#)).

4.4.4 Student’s sole parent’s occupation requires frequent overnight absences

Before 2006, certain [students](#) could be deemed geographically isolated where the occupation of their sole parent, by its nature, required frequent overnight absences. This option was removed from 1 January 2006.

Any student who attracted AIC allowances on this basis in 2005 will continue to be deemed geographically isolated until they complete or discontinue their course of study, or their parent changes occupation (whichever is the earlier).

4.4.5 Continuation and concessions

Continuity of schooling concession

A [student](#) may be deemed to be isolated in order to limit disruption to the schooling of students whose circumstances change during receipt of an AIC allowance. The concession allows a student to be deemed isolated if:

- they cease to meet an isolation condition because of a change of circumstance (e.g. change of [principal family home](#), travel conditions, health conditions, [parent’s occupation](#))
- and
- they continue to attend the same school (or continue to be enrolled through the same distance education school).

This concession cannot be applied for students who:

- did not meet an isolation condition at any stage in the year for which assistance is sought (an exception to this guideline exists for Year 12 students who met an isolation condition in the year before the year for which assistance is sought)
or
- lived away from home in order to undertake a short-term program (e.g. for diagnostic testing or learning support).

Under this provision, a student may be deemed to be isolated:

- from the date of the change of circumstance until the end of the year in which the change of circumstance occurred
or
- for a student in Year 11, from the date of the change of circumstance until the end of the following year, provided they continue to Year 12.

Retrospective continuity of schooling concession

The continuity of schooling concession may also be applied in reverse. A student who does not meet a geographical isolation rule at the start of the [school year](#) may retrospectively be deemed to be isolated for the earlier part of the year if:

- they begin to meet an isolation condition because of a change of circumstance (e.g. change of principal family home, parent's occupation or health condition, discontinuation of school bus service)
- the student was placed in an approved boarding arrangement (see [5.2](#)), enrolled in distance education studies or began living in a second home in anticipation of the change of circumstance that would make the student eligible later in the year
and
- the change has occurred and the student now meets an isolation condition.

To qualify for retrospective continuity, an applicant must demonstrate that they were aware of the proposed change in circumstances at the time the student began to board, study by [distance education methods](#) or live in the second home.

If the [claim](#) was lodged at that time, no further proof would be needed. In other cases, however, suitable evidence would be required (e.g. a statement from an employer that reveals when the parent was advised of a proposed transfer, a copy of a letter from a bus company advising of a proposed change in services, etc).

Conditions in year of assistance for students unable to access a local state school

The application of Rule 3 is normally based on access to the local state school in the year or years before the year in which assistance is sought. However, a concession is available where:

- circumstances arise in (or just before) the year of assistance that affect or threaten to affect the student's access

- the conditions are [circumstances beyond the family's control](#) and
- on the strength of those circumstances, the [family](#) arranges for the student to board away from home, live at a [second family home](#) or study by distance education methods.

In such circumstances, the student's geographical isolation can be established by evidence showing that the circumstances would have affected their access at least 20 school days in a year.

This concession is not available where the student was boarding, living in a second home or studying by distance education methods in the previous year, which would indicate that the recent conditions did not lead to the family's decision.

5 AIC allowances

5.1 General entitlement and payment features

This section outlines the general entitlement and payment features of AIC allowances.

- [5.1.1](#) Which allowances apply
- [5.1.2](#) Calculation of amount of entitlement
- [5.1.3](#) Payment frequency
- [5.1.4](#) Term instalment periods
- [5.1.5](#) Taxation of allowances
- [5.1.6](#) Payee for allowances.

5.1.1 Which allowances apply

The applicable allowance for a [student](#) will normally reflect the student's living arrangements while they undertake the approved course:

- for a student who boards away from home in order to have daily access to appropriate schooling, it will normally be Boarding Allowance
- for a student who lives in a [second family home](#) in order for them or their sibling (see 5.3.2) to have daily access to appropriate schooling, it will normally be Second Home Allowance
- for a student who lives at the [principal family home](#) while studying by [distance education methods](#) (or undertaking residential schools for the distance education course), it will normally be Distance Education Allowance
- for a student who lives in a [second family home](#) while studying by distance education methods and the home is maintained for reasons other than access to appropriate schooling for the student or their sibling, it will normally be Distance Education Allowance
- where a student is receiving a Disability Support Pension or Parenting Payment (Single), the applicable allowance is the Pensioner Education Supplement.

Where a student needs to stay in town for short periods during the year (e.g. while access from the principal family home to the school is cut off due to special weather conditions), short-term Boarding Allowance is available (see [5.2.7](#)).

5.1.2 Calculation of amount of entitlement

Provided the eligibility requirements are met, AIC allowances (with the exception of the Distance Education Allowance Supplement) are available for the full calendar year, 1 January to 31 December. Where eligibility exists for part of the calendar year, allowances are calculated on a pro-rata basis. The Distance Education Supplement is payable in one instalment (See [5.6.4](#)).

Where payments are calculated for instalments (fortnight, term or pro-rata), they are done using the following calculation:

$$\frac{\text{number of days in [eligibility period](#)}}{\text{number of days in calendar year}} \times \text{rate of annual entitlement}$$

5.1.3 Payment frequency

Term instalments

The following allowances are payable by term instalments:

- Boarding Allowance for [eligible students](#) living in schools, hostels or other residential institutions, or participating in the pilot homestay program of the Queensland Department of Education, Training and the Arts
- Distance Education Allowance
- the Pensioner Education Supplement for eligible students living in schools, hostels or other institutions.

These payments are made in advance in three or four instalments, depending on the number of school terms in the state or territory where the student is studying. Each instalment covers a quarter or a third of the calendar year (depending on the term structure), rather than the exact period between the relevant term dates.

Fortnightly instalments

The following allowances are payable fortnightly in arrears:

- Boarding Allowance for eligible students boarding privately
- Second Home Allowance
- Pensioner Education Supplement for eligible students boarding privately.

Single instalment

The Distance Education Allowance Supplement (see [5.6.4](#)) is payable for eligible students in one instalment. It is generally paid at the beginning of the year for students eligible for the Distance Education Allowance in the previous year.

Short-term boarders

Payment for [short-term boarders](#) may be made by one of two methods. If the eligible student is boarding at an institution and the exact period is known in advance, payment may be made in advance. Otherwise, the allowance is paid in a lump sum after the period of boarding has ended.

Entitlement for short-term boarders is normally calculated on the basis of the number of days the eligible student boards away from home (see [5.2.6](#)).

5.1.4 Term instalment periods

Four-term states and territories

For four-term states or territories, the term instalment periods are:

1. 1 January – 31 March (90 days; 91 days in a leap year)
2. 1 April – 30 June (91 days)
3. 1 July – 30 September (92 days)
4. 1 October – 31 December (92 days).

Three-term state (Tasmania)

For Tasmania, the term instalment periods are:

1. 1 January – 30 April (120 days; 121 days in a leap year)
2. 1 May – 31 August (123 days)
3. 1 September – 31 December (122 days).

5.1.5 Taxation of allowances

The Australian Taxation Office classifies AIC allowances as ‘supplementary amounts’ for the purposes of section 24ABZF of the *Income Tax Assessment Act 1936*, making them exempt from income tax.

Therefore, it is not necessary to deduct tax from AIC allowances, or to provide a Payment Summary (previously known as a Group Certificate) to an applicant where the only payments received in respect of a [student](#) are AIC allowances.

5.1.6 Payee for allowances

Allowances may be paid direct to the applicant or to an agent nominated by them (e.g. the school, a private board provider or the [student](#)).

However, irrespective of who receives the payment, the applicant remains responsible for any overpayment that may occur.

5.2 Boarding allowances

This section outlines the purpose, rates and eligibility requirements for AIC Scheme boarding allowances.

There are two boarding allowances:

- the Basic Boarding Allowance ([5.2.1](#)), which is payable to all [eligible students](#) who board away from home
 - the Additional Boarding Allowance ([5.2.2](#)), which is subject to the Parental Income Test (unless the test is waived; see 6.9) and boarding costs.
- [5.2.1](#) Basic Boarding Allowance
 - [5.2.2](#) Additional Boarding Allowance
 - [5.2.3](#) Actual boarding charges
 - [5.2.4](#) [Full-time boarders](#)
 - [5.2.5](#) [Part-time boarders](#)
 - [5.2.6](#) [Short-term boarders](#).

5.2.1 Basic Boarding Allowance

See [5.6.1](#) for current Basic Boarding Allowance rates.

Purpose

Basic Boarding Allowance is intended to contribute towards the costs incurred by geographically isolated [families](#) in boarding a [student](#) away from home to have daily access to appropriate schooling.

Eligibility

To qualify for the Basic Boarding Allowance, a student must:

- meet the eligibility conditions in Parts 2, 3 and 4.
 - live away from home in an approved boarding arrangement during school term
 - not be receiving a pension (the Pensioner Education Supplement is available for students receiving certain pensions; see [5.5](#))
- and
- not have been formally placed in full-time residential care at a [special institution](#) by a state/territory authority that provides a foster care allowance (or a similar allowance intended for the upkeep of the student) to the organisation that operates that institution.

Approved boarding arrangements

A boarding arrangement at a boarding school, hostel or special institution is an approved boarding arrangement.

A private boarding arrangement is an approved boarding arrangement (other than those mentioned above), except where provided by:

- a [parent](#) of the student
or
- an older dependent sibling, where the sibling and the student live in what is, in effect, the family's second home (see [5.3](#)).

A boarding arrangement may be approved where the student does not board for the whole school week (see [5.2.5](#)).

5.2.2 Additional Boarding Allowance

See [5.6.2](#) for current Additional Boarding Allowance rates.

Purpose

Additional Boarding Allowance is a means-tested supplementary payment to provide additional support for lower-income [families](#) whose geographically isolated [student](#) boards away from their principal family home.

Eligibility

To qualify for the Additional Boarding Allowance:

- the student must qualify for Basic Boarding Allowance (see [5.2.1](#))
- the income level of the applicant and (if applicable) their [partner](#) must be at or below the applicable upper limit for the Parental Income Test (see [6.9.2](#))
or
the Parental Income Test is waived due to '[special assessment](#)' (see [6.10.2](#))
and
- the student's boarding costs must exceed the level of Basic Boarding Allowance.

Boarding costs

Additional Boarding Allowance is payable only if the actual boarding charges (as defined in [5.2.3](#)) are greater than the minimum threshold of the rate of Basic Boarding Allowance less \$250 for incidentals.

A [family](#) may qualify for the maximum rate of Additional Boarding Allowance only if the actual boarding charges are at least the amount shown in [5.6.2](#).

Entitlement

Additional Boarding Allowance entitlement is subject to the result of the Parental Income Test (see Part 6) and the level of the student's boarding costs (see *Boarding costs*, above).

The maximum rate of the Additional Boarding Allowance is payable if:

- the Parental Income Test is waived (see 6.10) or the income level of the applicant and (if applicable) their partner is at or below the Parental Income Free Area for the Parental Income Test (see [6.9.1](#))
- the actual boarding charges plus \$250 are greater than or equal to the applicable maximum rates of Basic Boarding Allowance plus Additional Boarding Allowance (see [5.6.2](#)).

A partial rate of the Additional Boarding Allowance is payable if:

- the level of the parental income is equal to or lower than the applicable Upper Income Limit (see [6.9.2](#))
- or
- the actual boarding charges plus \$250 are greater than the rate of Basic Boarding Allowance (see [5.6.1](#)) but less than the applicable maximum rate of Additional Boarding Allowance and Basic Boarding Allowance combined (see [5.6.2](#)).

The actual rate of entitlement will be either the maximum fortnightly rate of entitlement less the deduction resulting from the Parental Income Test known as the 'parental income test reduction amount' (see [6.4.2](#)) or the level of boarding costs (calculated on a fortnightly basis), whichever is the least.

Students in foster care

A student in an official substitute or foster care arrangement may qualify for Additional Boarding Allowance only if the foster carer is not receiving a foster care allowance (or other similar allowance intended for the upkeep or personal use of the student) from a government authority (see also [6.10.2](#)).

Note: Such a student is eligible only if isolated or deemed isolated on the basis of the foster parent's [principal family home](#) (see [Part 4](#)) and, if boarding away from home, would be expected to spend vacations with the foster parent rather than a natural or adoptive parent, or other guardian.

To substantiate eligibility on this basis, the applicant (the foster parent) must provide a statement from the relevant government agency which:

- confirms that a direction or authorisation by a court, Minister or government authority is currently in effect in relation to the student's care
 - confirms the details of the care arrangement, including the names and addresses of those authorised to care for the student
- and

- indicates whether the authorised carers receive a foster care allowance or similar allowance intended for the student's upkeep or personal use.

5.2.3 Actual boarding charges

In these guidelines, 'actual boarding charges' are the fees charged by the boarding provider for the [eligible student](#) during the relevant [school year](#) (inclusive of Goods and Services Tax). This is the amount of boarding fees claimed by the institution after any reduction, subsidy, scholarship or refund is taken into account (see also [5.2.4](#)).

For example, if an institution grants a student a scholarship or bursary for boarding costs, the applicant does not incur the boarding fees. This means, for the purposes of the AIC Scheme, the actual boarding charges for the student are nil and Additional Boarding Allowance is not payable.

Other arrangements to pay boarding fees (i.e. contribution by private sources such as friends or relatives) do not affect the level of actual boarding charges and are considered the equivalent of the paying the boarding fees.

The charges must be for boarding only, and may include accommodation-related costs, such as laundry. Actual boarding charges do not include tuition fees or other associated education costs (e.g. books, uniforms or pens).

[Students](#) with disabilities who board in [special institutions](#) might remain there for periods beyond normal school terms. Boarding costs for those periods may be included as part of the student's boarding costs for the year.

If a student moves to a different boarding facility (e.g. to less expensive boarding arrangements), the entitlement must be recalculated. The actual boarding charges should be based on the total boarding costs incurred for the school year, so any reassessment because of reduced boarding costs will be retrospective to the initial entitlement to Additional Boarding Allowance.

If a student begins, or ceases to board during the year, or is a [part-time boarder](#) (see [5.2.5](#)), or [short-term boarder](#) (see [5.2.6](#)), the actual boarding charges should be converted to an annual amount (calculated on a calendar year) to allow a fair comparison of boarding costs and the rate of Boarding Allowance.

5.2.4 Full-time boarders

To qualify for the full boarding allowance entitlements, an [eligible student](#) must board away from their [principal family home full-time](#) (defined as at least four nights per school week).

5.2.5 Part-time boarders

A [part-time boarder](#) is an [eligible student](#) (full-time) who boards away from their [principal family home](#) for fewer than four nights a week on a regular basis. Entitlement for a part-time boarder is calculated pro rata as a proportion of one week (seven days).

A boarder can be considered part-time if they board in an approved boarding arrangement on a one-week-on, one-week-off basis (i.e. a full week—five days—of school attendance every second week) continuously over a full term or [school year](#).

However, where the entitlement cannot be expressed as a whole number in proportion to one week (seven days), it is rounded up to the nearest whole number; for example, five days a fortnight ($5/14$) is rounded up to three days a week ($3/7$) for the calculation of entitlement. Thus, an eligible student boarding away for one, two or three nights each week is entitled to $1/7$, $2/7$ or $3/7$ (as appropriate) of their normal entitlement. An eligible student regularly boarding away for two nights in one week and three nights the next week is entitled to $3/7$ of a full week's allowance.

A part-time boarder is entitled over the same period as a [full-time boarder](#), including to the end of the academic year, provided they board part-time for the usual number of days in the final week of school term.

A part-time boarder is entitled to pro-rata Additional Boarding Allowance, calculated on the same basis as Basic Boarding Allowance.

5.2.6 Short-term boarders

A [short-term boarder](#) is entitled only for the number of days they board away from their [principal family home](#) (see [3.7.1](#)).

A short-term boarder is entitled to pro-rata Additional Boarding Allowance, calculated on the same basis as Basic Boarding Allowance.

5.3 Second Home Allowance

This section outlines the purpose and eligibility requirements of the Second Home Allowance.

See [5.6.3](#) for current Second Home Allowance rates.

- [5.3.1](#) Purpose
- [5.3.2](#) Eligibility
- [5.3.3](#) Approved [second family home](#)
- [5.3.4](#) [Parent](#) temporarily employed in isolated area
- [5.3.5](#) Loss of a parent
- [5.3.6](#) Eligibility where no parent normally lives at the [principal family home](#)
- [5.3.7](#) Pro-rata entitlement
- [5.3.8](#) Maximum annual entitlement per [family](#).

5.3.1 Purpose

Second Home Allowance contributes towards the costs incurred by geographically isolated families in maintaining a [second family home](#) for a [student](#) to have daily access to appropriate schooling.

5.3.2 Eligibility

To be eligible for Second Home Allowance:

- the eligibility conditions outlined in Parts [2](#), [3](#) and [4](#) must be met.
- the [student](#) must live at an approved [second family home](#) during the school week (see [5.3.3](#))
- the nominated [principal family home](#) must remain approved as the principal family home
and
- the student must not be receiving a pension (the Pensioner Education Supplement is available for students receiving certain pensions; see [5.5](#)).

Second Home Allowance may be paid for a student who is deemed to be isolated because they live in a second family home with a sibling who meets a geographical isolation rule (see [4.4.3](#)). If, during a year, the sibling ceases to meet one of the conditions outlined in [4.4.3](#), the continuity of schooling concession may be applied (see [4.4.5](#)).

5.3.3 Approved second family home

To access an allowance a [second family home](#) must make access to appropriate schooling easier.

It is not necessary for the applicant or the applicant's [partner](#) to live at the second home. The [student](#) may be in the care of another person, such as an older sibling or grandparent, as long as the costs of maintaining the home are borne by the [family](#), and the student is regarded as living in a second home rather than boarding.

The second family home cannot be approved where either:

- the [parents](#) are separated or divorced, and the second home is the normal residence of one of the parents
 - the family receives rent assistance provided by the Australian Government for the home (i.e. the home is considered to be the principal home for the purposes of rent assistance)
 - the second home is not closer nor more accessible to the school the student attends when compared to the [principal family home](#)
- or
- the parent or parents have received the First Home Owners Grant for that property.

From 1 Jan 2011, those who have received a financial concession during the purchase of their second family home (including, but not limited to, the First Home Owners Grant, state-based first home owners incentives, and stamp-duty concessions) will not be eligible for the Second Home Allowance.

See [5.3.5](#) for details of how approval is affected by death or separation.

5.3.4 Parent temporarily employed in isolated area

Where a [parent](#) accepts temporary (including fixed-term contract) employment in an isolated area, the dwelling in which that parent then lives is not the [principal family home](#) if:

- the other parent and children remain at the [family's](#) permanent home and the children continue to attend school daily
- or
- the family chooses to lease or rent out their permanent home (which normally allows access to school on a daily basis) for the duration of the posting and the non-absent parent rents another house (claimed as the second home), from which the children attend school daily.

In many instances, employer-provided accommodation will not meet the requirements for a principal family home because they do not cater for family members (e.g. accommodation on a mine site).

Example 24: Change in principal family home

Mr Martyn has accepted a two-year government posting as a wildlife officer on Cocos Island. His wife and primary school age children go with him, and they live in government-subsidised accommodation. The eldest child boards with relatives in her home city, as there is no senior high school on the island. Her father applies successfully for the Basic Boarding Allowance. Some months later, Mrs Martyn decides to return to their previous home (which is near an appropriate school) with the other children and the family claims the Second Home Allowance for all three students. The allowance cannot be approved, as Mrs Martyn and the children are living in their (permanent) principal family home.

Example 25: Principal family home is where the family is

Mrs Redway, who has lived with her husband and two secondary school age children in Wagga Wagga, accepts a posting as a teacher in a small country primary school. She is provided with subsidised accommodation (sufficient to house her entire family) near the school. However, the Redways decide to maintain a home in Wagga so that their children can continue at the local high school. Mrs Redway usually stays at her subsidised premises during the school week and travels to be with her family in Wagga on weekends and holidays. Shortly after Mrs Redway takes up her posting, her husband and children move to a new house in Wagga. She applies for Second Home Allowance on behalf of her children, claiming that the subsidised home is the principal family home. The claim cannot be approved, as her permanent home is the house in Wagga.

5.3.5 Loss of a parent

Where death or separation results in the sole [parent](#) continuing to live with the [eligible student](#) at a previously established second home while neither parent lives in the [principal family home](#), Second Home Allowance may continue, provided the reasons for approval of the original principal family home and the second home continue to be met, but for the requirement that the applicant resides for over half the [eligibility period](#) in the original principal family home.

However, if separation results in one parent living at the principal family home and the other living with the student in the second home, then the second home cannot continue to be approved as a [second family home](#). In such circumstances, the provisions of [2.1](#) will be followed to determine the [approved applicant](#) and, consequently, the student’s principal family home. Geographical isolation will be determined with reference to the principal family home of the approved applicant.

For the [family](#) to remain eligible on the basis of the continuity of schooling concession (see [4.4.5](#)), the principal family home (which may previously have been an approved second home) must meet a geographical isolation criterion.

<p>Example 26: Mobile home accommodation</p> <p>Mrs Kent and her husband divorce, leaving her with the family farm. Before the divorce, Mrs Kent had spent school terms living in accommodation in a mobile home park so that her two daughters could attend high school daily. She continues this arrangement and, with the help of her parents and brother-in-law, spends weekends and school holidays keeping the farm productive. Second Home Allowance for the mobile home park accommodation may be approved.</p>	<p>Example 27: Parent's move eliminates eligibility</p> <p>Alison's parents own an isolated property. Her parents set up an approved second home just 5 kilometres from the high school Alison attends. Alison and her younger brother have spent school terms living in the second home with their mother for 3 years. Alison's parents separate during the school year, agreeing that the children will continue to live with their mother in what was the second home. As the children normally live with her, Alison's mother becomes the approved applicant and the home in which she lives becomes the principal family home. As a result, Second Home Allowance is no longer payable from the date of the separation.</p>	<p>Example 28: Principal family home must be occupied</p> <p>Stuart's mother and her de facto partner move to an isolated community and set up an art studio in an old building. The partner then leaves. As Stuart has reached secondary school age and has no access to a high school, his mother moves to a larger town and rents a house. Although she continues to own the isolated property, it is unused. She receives a pension, and applies for the Second Home Allowance in respect of the rented house. The claim should not be approved, as there is no parent living in the principal family home.</p>
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5.3.6 Eligibility where no parent normally lives at the principal family home

Before 2006, a [student](#) could be eligible for a Second Home Allowance in situations where neither [parent](#) lived at the [principal family home](#) for most of the year. This option was removed from 1 January 2006.

Any student who attracted an AIC allowance on this basis in 2005 will continue to be deemed geographically isolated until they complete or discontinue their course of study, or arrangements for their principal family home change (in which case their eligibility will be reassessed according to the policy applicable in the year of the reassessment).

5.3.7 Pro-rata entitlement

Entitlement is calculated on a pro-rata basis, using the formula in [5.1.2](#), when a [student](#) is eligible for only part of the year.

5.3.8 Maximum annual entitlement per family

Where a home is an approved [second family home](#) on the basis of one [student](#) and that student is receiving Youth Allowance or ABSTUDY, Second Home Allowance can be paid for a maximum of three other students at any one time (but only including a maximum of two other students deemed isolated under [4.4.3](#)).

See [5.6.3](#) for the current maximum amount of Second Home Allowance payable to any one [family](#).

5.4 Distance Education allowances

This section outlines the purpose and eligibility requirements of the Distance Education Allowance and the Distance Education Allowance Supplement.

See [5.6.4](#) for current rates for Distance Education allowances.

- [5.4.1](#) Purpose
- [5.4.2](#) Eligibility
- [5.4.3](#) Acceptable study locations
- [5.4.4](#) Home tuition.

5.4.1 Purpose

The Distance Education Allowance, and the Distance Education Allowance Supplement, contribute towards incidental costs incurred by geographically isolated families whose [student](#) children are undertaking their education by [distance education methods](#). These payments are not intended to meet the ongoing cost of provision of education (e.g. costs associated with teaching, tuition and supervision).

5.4.2 Eligibility

To be eligible for Distance Education allowances, a [student](#) must:

- meet the eligibility conditions in Parts [2](#), [3](#) and [4](#).
- be studying at home or an acceptable alternative to home (see [5.4.3](#))
- be undertaking an approved course (see [3.4.3](#))
and
- not be receiving a pension (the Pensioner Education Supplement is available for students receiving certain pensions; see [5.5](#)).

5.4.3 Acceptable study locations

[Students](#) for whom these allowances are paid normally study from home. However, the following study arrangements are also acceptable:

- The student studies at and uses facilities of a school that does not offer tuition at the student's level (e.g. a secondary student who has access to a local primary school).
- The student studies at premises that are not classified as a mainstream school and do not provide formal tuition by qualified teachers.
- The student studies at a 'Homeland Learning Centre'.

Note: Students who study at Homeland Learning centres and do not direct their respective Distance Education allowance to the school may have their allowance quarantined under the *Social Security and Other Legislation Amendment (Welfare Payment Reform) Act 2007*.

5.4.4 Home tuition

A [student](#) may be eligible for Distance Education allowances if undertaking a course of home tuition that has been formally approved by the state or territory government education authority as a satisfactory alternative to the government curriculum in that jurisdiction.

Where such approval lapses solely because the student has reached the statutory school leaving age, the home tuition program may be deemed to be approved if it was approved immediately before the student reached the leaving age.

5.5 Pensioner Education Supplement

This section outlines the purpose and eligibility requirements of the Pensioner Education Supplement (PES).

See [5.6.5](#) for current Pensioner Education Supplement rates.

- [5.5.1](#) Purpose
- [5.5.2](#) Eligibility.

5.5.1 Purpose

The PES is intended to contribute towards educational costs incurred by [parents](#) of geographically isolated [students](#) undertaking primary or ungraded levels of study.

5.5.2 Eligibility

The PES is paid for [students](#) receiving certain social security pensions. To be eligible, a student must:

- meet the eligibility conditions in Parts [2](#), [3](#) and [4](#)
- be studying at primary or equivalent ungraded level (see [3.4.4](#))
- be receiving, or qualify for, a Disability Support Pension or a Parenting Payment (Single)
and
- qualify for either Boarding Allowance, Second Home Allowance or Distance Education allowances (as applicable), except for the requirement not to be receiving a pension.

Special age rules for pensioner students are given at [3.3.2](#).

Secondary, tertiary or equivalent students who receive a pension are ineligible for AIC allowances. Such students on a Disability Support Pension may be eligible for the PES under the *Social Security Act 1991* when they turn 16. Secondary (or equivalent) students on a Parenting Payment (Single) may be eligible for the PES under the Social Security Act from the minimum school leaving age in their state/territory.

5.6 Current AIC allowance rates

This section outlines the 2009 and 2010 payment rates for each AIC allowance.

- [5.6.1](#) Boarding allowances
- [5.6.2](#) Additional Boarding Allowance
- [5.6.3](#) Second Home Allowance
- [5.6.4](#) Distance Education allowances
- [5.6.5](#) Pensioner Education Supplement.

5.6.1 Boarding allowances

- Where only Basic Boarding Allowance is payable:
 - 1 January – 31 December 2009, \$6,824 per year (\$261.74 per fortnight)
 - 1 January – 31 December 2010, \$6,926 per year (\$265.65 per fortnight)
- Where the Additional Boarding Allowance is payable, *maximum* of:
 - 1 January - 31 December 2009, \$9,085 per year (\$348.46 per fortnight)
 - 1 January - 31 December 2010, \$9,221 per year (\$353.68 per fortnight)
- Where a [student](#) is eligible for only part of the year, entitlement is calculated pro-rata (see [5.1.2](#)).

5.6.2 Additional Boarding Allowance

Threshold

- For Additional Boarding Allowance to be payable, actual boarding charges (see [5.2.3](#)) must be greater than the minimum threshold of:
 - 1 January – 31 December 2009, \$6,574 (Basic Boarding Allowance (\$6,824 per year or \$261.74 per fortnight) less \$250 for incidentals.
 - 1 January – 31 December 2010, \$6,676 (Basic Boarding Allowance (\$6,926 per year or \$265.65 per fortnight) less \$250 for incidentals.
- For Additional Boarding Allowance to be payable, requirements under the [Parental Income Test](#) must be met.

Maximum rate

- 1 January – 31 December 2009, \$2,261 per year (or \$86.72 per fortnight)
- 1 January – 31 December 2010, \$2,295 per year (or \$88.03 per fortnight)
- Applies only if actual boarding charges (see [5.2.3](#)) are at least:
 - \$6,574 for 1 January – 31 December 2009
 - \$6,676 for 1 January – 31 December 2010

5.6.3 Second Home Allowance

- 1 January – 31 December 2009, \$5,183 per year (\$198.80 per fortnight)
- 1 January – 31 December 2010, \$5,261 per year (\$201.79 per fortnight)
- Entitlement is calculated pro-rata when a [student](#) is eligible for only part of a year (see [5.1.2](#))
- Maximum for any one family (for up to three [eligible students](#)):
 - 1 January – 31 December 2009, \$15,549 per year
 - 1 January – 31 December 2010, \$15,783 per year

5.6.4 Distance Education Allowances

Distance Education Allowance

- 1 January – 31 December 2009, \$3,412 per year
- 1 January – 31 December 2010, \$3,463 per year
- Entitlement is calculated pro-rata when a [student](#) is eligible for only part of a year.

Distance Education Allowance Supplement

- 1 January – 31 December 2009, \$1,045 per year per [eligible student](#)
- 1 January – 31 December 2010, \$1,061 per year per [eligible student](#)
- Entitlement is based on eligibility and receipt of the Distance Education Allowance in the previous year
- Payable as a lump sum at the beginning of the following year to receipt of the Distance Education Allowance (i.e. families who receive a Distance Education Allowance in 2009 receive the supplement in early 2010).

5.6.5 Pensioner Education Supplement

- For both 1 January – 31 December 2009 and 1 January – 31 December 2010, a maximum of \$1,627.00 per year (\$62.40 per fortnight).

6 The Parental Income Test

6.1 Overview

This section outlines the requirements of the Parental Income Test, which is applied to the Additional Boarding Allowance.

- [6.1.1](#) Purpose and application
- [6.1.2](#) Tax year used for assessment
- [6.1.3](#) Proof of income.

6.1.1 Purpose and application

The Parental Income Test is used to determine eligibility for Additional Boarding Allowance.

However, the test may be waived in the circumstances outlined in 6.10.

6.1.2 Tax year used for assessment

Normal assessment using previous tax year

Assessment is normally determined by parental income for the [base tax year](#).

However, this is not the case if either:

- the income of the applicant and/or their [partner](#) is assessed on a tax year other than July to June (see *Assessment using a different tax year*, below)
- the applicant and/or their partner is in receipt of an employer-provided fringe benefit (see 6.6)
- or
- current income assessment (see 6.8) applies.

Assessment using a different tax year

In the following circumstances, the end of the relevant tax year might not fall on 30 June:

- The applicant and/or their partner has, under section 18 of the *Income Tax Assessment Act 1936*, adopted a 12-month accounting period that ends on a different date (in which case, evidence of the different accounting period approved by the Australian Taxation Office is required)
- or
- The income of the applicant and/or their partner comes mainly from a foreign country that uses a different taxation accounting period (e.g. New Zealand has a taxation period of 1 April to 31 March).

In such cases, unless current income assessment applies (see 6.8), the tax year ending before 1 January of the year for which assistance is sought is used for the test.

6.1.3 Proof of income

Where the test applies, the applicant and (if applicable) their [partner](#) must provide proof of income to support the [claim](#). The evidence should normally be in the form of a Taxation Assessment Notice.

If a Taxation Assessment Notice is not available, the following are acceptable forms of interim evidence:

- a copy of the person's tax return
- a letter from a qualified practising accountant or tax agent stating that the person's 'income for the 20xx–xx tax year is expected to be \$xxxx' or '... is not expected to exceed \$xxxx'
- where the person received a taxable pension, benefit or allowance from the Australian Government for the full tax year, a statement of benefit from the paying department or agency
- payment summaries or group certificates and/or statements of benefit supported by a statutory declaration (or accountant certification) confirming that these show the full amount of taxable income received by the person during the tax year.

Payment of Additional Boarding Allowance based on evidence other than a Taxation Assessment Notice must be followed up for verification at a later date. (The applicant should be asked to submit the Taxation Assessment Notice as soon as it becomes available.)

Unless the Parental Income Test is waived, Additional Boarding Allowance will not be paid where:

- the person being income tested refuses to disclose income details
 - income details are not known or not supplied
- or
- acceptable proof of income is not provided.

If acceptable evidence is not presented to verify the income of the applicant or their partner, only the non-means tested Basic Boarding Allowance may be paid.

6.2 Whose income is taken into account?

This section shows whose income is taken into account in the Parental Income Test.

- [6.2.1](#) Applicant and [partner](#)
- [6.2.2](#) Separated or divorced [parents](#)
- [6.2.3](#) Applicant's new partner
- [6.2.4](#) Loss or change of applicant or partner during the year of study.

6.2.1 Applicant and partner

In general, the Parental Income Test will apply to the incomes of the [approved applicant](#) (see [2.1.1](#)) and, where applicable, their [partner](#).

6.2.2 Separated or divorced parents

Where the [student's parents](#) are separated or divorced, they share joint [custody](#) of the student, and neither has a new [partner](#), the income of both will be taken into account for the test, regardless of who is considered to be the [approved applicant](#).

If parents are separated but living under the same roof, both incomes must be taken into account whether or not the parents share joint custody.

6.2.3 Applicant's new partner

Where the [student's parents](#) are separated or divorced, they share joint [custody](#) of the student, and one or both have a new [partner](#), only the applicant and the applicant's new partner are income tested.

6.2.4 Loss or change of applicant or partner during the year of study

Generally, the Parental Income Test will apply to the [approved applicant](#) and their [partner](#) at 1 January of the year of study. However, Additional Boarding Allowance eligibility will be reassessed if the applicant or their partner changes during the [eligibility period](#) (i.e. if the approved applicant changes, gains or loses a partner).

As a result:

- if the applicant loses a partner by death or separation, eligibility is reassessed from the date of the change in circumstance, with the income test taking only the applicant's income into account
- if the applicant gains a partner (e.g. by remarrying or beginning a de facto relationship), eligibility is reassessed from the date of change of circumstance, with the income test taking the combined income of the applicant and the new partner into account.

Reassessment is based on income for the [base tax year](#) (see [6.1.2](#)) unless [special assessment](#) (see [6.10.2](#)) or [current tax year](#) assessment (see 6.8) applies.

If the approved applicant changes, the income test will apply to the new applicant (and their partner, if any) from the date of the change.

The following examples show the effect of a change in the applicant or the loss or gain of the applicant's partner.

<p>Example 29: Change in principal carer requires new claim</p> <p>Until 14 August, Sonia's parents live together in an isolated area and Sonia's mother is an eligible applicant under the AIC Scheme. On that date, Sonia's parents separate, her father begins a de facto relationship, and it is decided that her father and his de facto wife will be responsible for Sonia's care from that date. Before 14 August, Sonia's mother was entitled to an AIC allowance on the basis of her income and that of Sonia's father. From 14 August, Sonia's mother is no longer eligible, and her father becomes the approved applicant. He will need to submit a new claim, and entitlement will be calculated on the basis of the base tax year income of him and his new partner (unless the meet the requirements for a current tax year assessment).</p>	<p>Example 30: Reconciliation requires income test adjustment</p> <p>Jordan's parents separate on 14 February. His mother, who is the approved applicant, retains custody. She pays his boarding fees, and he stays with her in the school holidays. Jordan's parents reunite on 15 October. The base tax year's Parental Income Test is applied to both parents' incomes to determine Jordan's entitlement for the periods from 1 January to 13 February and 15 October to 31 December. The test is applied only to the mother's income for the intervening period (14 February to 14 October).</p>	<p>Example 31: Maintenance and the income test</p> <p>Adam's parents separated when he was 3 years old. Since that time, he has been in the care of his mother, who is the approved applicant. Adam's father has limited contact with him, but agrees to pay his boarding fees. On 16 August of the year of study, the parents reunite. The Parental Income Test, using the base tax year, is applied to Adam's mother to determine entitlement for the period from 1 January to 15 August. The payments Adam's father made for Adam's boarding fees during that period must also be taken into account as maintenance received by Adam's mother. From 16 August, the test is applied to the incomes of both parents (unless the meet the requirements for a current tax year assessment).</p>
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6.3 Calculating parental income

This section outlines the calculation of Parental Income and the effects of various factors on the Additional Boarding Allowance until 1 July 2010, when a new system of calculation applies (See 6.4).

- [6.3.1](#) Basic calculation
- [6.3.2](#) Parental Income Free Area
- [6.3.3](#) Upper Income Limit
- [6.3.4](#) Other dependent children or [students](#)
- [6.3.5](#) Maintenance payments
- [6.3.6](#) Textiles, Clothing and Footwear Special Allowance
- [6.3.7](#) Treatment of negative income
- [6.3.8](#) Income averaging not permitted
- [6.3.9](#) Income earned or received from overseas.

6.3.1 Basic calculation

To calculate Parental Income:

- Add:
 - the taxable income of the person or couple being income tested
 - any income derived by them from overseas, whether or not it was taxed overseas (see [6.3.9](#))
 - any maintenance payments to them or their dependants from a former [partner](#) (who is now separated from the [parent](#); see [6.3.5](#))
 - the value of any claimed net investment losses (see Note below and 6.5) and
 - the value of certain fringe benefits (see 6.6) provided to or for them by employers
 - reportable superannuation contributions (see Note below and 6.7).
- Deduct:
 - maintenance paid (see [6.3.5](#)) by them to or for a former partner, the former partner's dependants, or dependent children or [students](#) no longer in their care.

Explanation of changes to the definition of parental income

The definition of parental income has changed with effect from 1 July 2009. Parental Income from 1 July 2009 now includes [reportable superannuation contributions](#).

Also, whereas formerly 'losses against rental property or a passive income earning investment' was considered in calculating parental income, from 1 July 2009 this has been changed to ['total net investment losses'](#).

This means that for the 2009-2010 Financial Year, 'total net investment losses' and 'reportable superannuation contributions' will apply as components of parental income for all Current Tax Year assessments. 'Losses against rental property or a passive income earning investment' will be considered in calculating parental income for all Base Tax Year assessments until 31 December 2010. From 1 January 2011, total net investment losses and reportable superannuation contributions will be considered in calculating parental income for both Current and Base Tax Year assessments.

6.3.2 Parental Income Free Area

The Parental Income Free Area (PIFA) is the level of income at or below which the maximum rate of Additional Boarding Allowance can be paid.

For the Parental Income Test prior to 1 July 2010, parental income above the PIFA reduces the Additional Boarding Allowance entitlement by [\\$1 for every whole \\$4 of the excess](#).

For the Parental Income Test prior to 1 July 2010, the PIFA increases with the number of other dependent children or [students](#) in the [family](#) (see [6.3.4](#)). See [6.9.1](#) for the current PIFA level (unadjusted for other dependent children or students). For the Parental Income Test prior to 1 July 2010, the PIFA does not increase with the number of other dependent children or students in the family, but involves a different calculation taking into account families with more than one dependent child or student. This calculation is given in a table in [6.4](#).

6.3.3 Upper Income Limit

The Upper Income Limit is the level of income above which no Additional Boarding Allowance is paid (see [6.9.2](#) for the current Upper Income Limit). For the assessment of Additional Boarding Allowance for a period prior to 1 July 2010, the limit increases with the number of other dependent children or [students](#), as explained in [6.3.4](#). For an assessment for a period from 1 July 2010, the limit is not increased by the number of other dependent children or students. There is a different calculation taking into account families with more than one dependent child or student.

6.3.4 Other dependent children or students – prior to 1 July 2010

Definitions

In calculations of the PIFA and Upper Income Limit for a period prior to 1 July 2010, a dependent child or [student](#) is a person who is under 16, or aged from 16 to 24 and in full-time study, and either:

- a natural or adoptive child of either the applicant or the applicant's [partner](#)
- or

- wholly or substantially dependent on the applicant or the applicant's partner (see [2.1.3](#)).

For the assessment of Additional Boarding Allowance for a period from 1 July 2010, there is a different calculation taking into account families with more than one dependent child or student. This calculation is given in a table in 6.4.

Effect on Parental Income Free Area and Upper Income Limit – prior to 1 July 2010

For the assessment of Additional Boarding Allowance for a period prior to 1 July 2010, both the PIFA and the Upper Income Limit are increased according to the number of other dependent children or students in the applicant's [family](#).

Both are increased where there are one or more additional children or students who:

- are aged 16 or over
- are in full-time education (whether or not in an approved course)
- do not qualify as independent under Youth Allowance or ABSTUDY
and
- do not receive a social security or Department of Veterans' Affairs pension, benefit or allowance unless it paid for the purposes of study (except where Family Tax Benefit is payable for a child/student).

Where dependent children are under 16 and eligible for either Boarding Allowance or Second Home Allowance, the PIFA and Upper Income Limit prior to 1 July 2010 are also increased.

The rates of increase prior to 1 July 2010 are given in [6.9.3](#). For an assessment for a period from 1 July 2010, there is a different calculation taking into account families with more than one dependent child or student. This calculation is given in a table in 6.4.

Children and students who do not increase the Parental Income Free Area and Upper Income Limit – prior to 1 July 2010

Adjustments to the PIFA and Upper Income Limit applicable prior to 1 July 2010 cannot be made for a child or student who:

- is regarded as independent under the Youth Allowance or ABSTUDY rules
- is in [state-authorised care](#)
- is living with the applicant or their partner under a student exchange program
or
- does not live with the applicant or their partner but for whom the applicant or their partner pays maintenance.

Changes in the number of dependent children or students

For the Parental Income Test, both prior 1 July 2010 and from 1 July 2010, all adjustments for dependent children and students are calculated on a continuing basis. This means that the entitlement must be reassessed during the year if the number of dependent children or students in the family changes.

6.3.5 Maintenance payments

The calculation of parental income takes into account all maintenance received or paid by the applicant or their [partner](#) for the upkeep of dependants or former partners.

Payments for household expenses, rent, mortgage, rates, boarding costs, tuition fees and general education expenses or any other purpose are to be included, even when made to a third party or to the [student](#).

Payments made by the Child Support Agency should also be included, as those payments have originated from a non-custodial parent.

6.3.6 Textiles, Clothing and Footwear Special Allowance

The Textiles, Clothing and Footwear Special Allowance, which is paid under an Australian Government scheme to people retrenched from the textiles, clothing and footwear industries, is not counted in the Parental Income Test, as [special assessment](#) applies (see [6.10.2](#)).

6.3.7 Treatment of negative income

Negative parental income is treated as zero income in the income test. The negative income of the applicant or their [partner](#) cannot be deducted from the other's income.

6.3.8 Income averaging not permitted

Parental income cannot be averaged over several years (e.g. as allowed by the Australian Taxation Office for primary producers). This is not the same as carrying forward a previous year loss that is an allowable deduction for both income tax and AIC Scheme income-testing purposes.

6.3.9 Income earned or received from overseas

Gross income earned or received overseas (less any deductions allowed in the foreign country) and the value of employer-provided fringe benefits (see [6.5.1](#)) provided overseas are included in the income test. In addition, income earned in an Australian external territory (e.g. Norfolk Island) or an overseas country where there are no taxation arrangements is also included.

Income earned and the value of fringe benefits given in foreign currencies will be converted to Australian dollars for the Parental Income Test at the average exchange rate for the year. If the amount is shown on an Australian Taxation Office assessment notice or similar document, this amount must be used (as it has already been converted).

The appropriate currency exchange rates are available on the Australian Taxation Office website at www.ato.gov.au.

6.4 Parental Income Test from 1 July 2010

Due to changes brought about by the Bradley Review of Higher Education, the Parental Income Test will involve a different calculation from 1 July 2010. This calculation is given in a table below.

The Parental Income Free Area (PIFA) referred to in 6.3.2 also changes from 1 July 2010, with parental income above the PIFA reducing the Additional Boarding Allowance entitlement by \$1 for every whole \$5 of the excess.

6.4.1 Parental Income Calculation from 1 July 2010

For the purposes of this calculation, all terms listed still have the same meaning as they do across Part 6 of the Guidelines unless otherwise indicated.

The following table shows the steps involved in applying the Parental Income Test from 1 July 2010.

Step	Action
1	Determine the student's maximum fortnightly payment rate for the Additional Boarding Allowance.
2	Calculate the parental income test reduction amount (See 6.4.2 below).
3	Reduce the maximum fortnightly payment rate (from Step 1) by parental income test reduction amount (Step 2).
4	Is the parental income test reduction amount equal to or greater than the maximum fortnightly payment rate for the Additional Boarding Allowance? <ul style="list-style-type: none"> - If YES, no Additional Boarding Allowance is payable. - If NO, the amount from Step 3 is the fortnightly Additional Boarding Allowance payable for the student, subject to the amount of their boarding costs. (see 5.2.2).

6.4.2 Parental income test reduction amount

The following table shows the steps involved in calculating the parental income test reduction amount.

Step	Action
------	--------

1	Determine whether the base tax year or current tax year should apply.
2	Determine the combined parental income for that year.
3	Determine the parental income free area.
4	<p>Determine the pool of children in the family who are subject to the Parental Income Test using the same parental income. This consists of those <u>dependent children</u> who also:</p> <ul style="list-style-type: none"> - Assistance for Isolated Children Additional Boarding Allowance students (this includes the student in the previous table); - dependent ABSTUDY Living Allowance students/apprentices; - dependent ABSTUDY Group 2 School Fees Allowance (means-tested component) students; - dependent Youth Allowance claimants/recipients.
5	Add together the maximum fortnightly payment rates of the children identified in Step 4. This is the pooled maximum fortnightly payment rate.
6	<p>Does the combined parental income exceed the parental income free area?</p> <ul style="list-style-type: none"> - If NO, the test does not affect the student's maximum rate of AIC Additional Boarding Allowance. - If YES, subtract the parental income free area from the combined parental income (from Step 2) and go to Step 7.
7	Divide the result from Step 6 by 130 (20% of the Step 6 amount, reduced to a fortnightly amount). This is the pooled parental reduction amount.
8	Divide the individual's maximum fortnightly payment rate by the pooled maximum payment rate (from Step 5).
9	Multiply the pooled parental reduction amount (from Step 7) by the amount calculated in Step 8. This is the parental income test reduction amount to be used in Step 3 of the previous table in Parental Income Test.

6.5 Total Net Investment Losses

This section outlines the use of an applicant's Total Net Investment Loss (negative gearing) information in the Parental Income Test.

- [6.5.1](#) Effect of total net investment losses
- [6.5.2](#) Definitions
- [6.5.3](#) Valuing losses from rental properties and/or shares/investments
- [6.5.4](#) Self-declaration and compliance checks.

6.5.1 Effect of total net investment losses

An applicant or their [partner](#) who reduces their taxable income by claiming an investment loss (ie a [total net investment loss](#)) against rental property or a financial investment will have to add back the value of the deduction (commonly known as 'negative gearing') for AIC Scheme purposes.

These deductions are to be self-declared at the time of application by the applicant and their partner (if applicable).

Investment and rental property losses flowing through to the individuals from property owned in a trust or company are not taken into account for AIC Scheme income testing.

Any substantial changes in taxable income deductions resulting from negative gearing may warrant reassessment because of the effect on [current tax year](#) or reverse current income.

6.5.2 Definitions

Rental property

Rental property owned by an individual person includes:

- a house, home unit or flat
- a room in a house, home unit or flat
- an on-site caravan
- a houseboat
- overseas rental property
- any other similar rental property.

Passive income earning investment

A passive income earning investment is an investment where the person spends less than 17.5 hours per week managing that investment. Losses from these investments are taken into account where parental income for the 2008-09 or an earlier financial year is used to assess eligibility for Additional Boarding Allowance. There has been a change in the definition of parental income for the Parental Income Test from 1 July 2009

which means that losses against income earning investments, now referred to as ‘total net investment losses’, are no longer limited to ‘passive’ investments in calculating parental income.

6.5.3 Valuing losses from rental properties and/or shares/investments

Only the amount allowed as a taxable income deduction for the applicant or their [partner](#) will be added to their income for the income test. For example, if a person’s taxable income is reduced by \$4,000 because of share investment losses (negative gearing), that amount will be added to their income for the test.

6.5.4 Self-declaration and compliance checks

When claiming an AIC allowance, the applicant and their [partner](#) are required to self-declare the net amount of negative gearing claimed against other taxable income in their individual or partnership income tax return.

[Centrelink](#) may conduct compliance checks with the Australian Taxation Office.

6.6 Fringe benefits

This section outlines the use of fringe benefits information in the Parental Income Test.

- [6.6.1](#) Definitions
- [6.6.2](#) Types of benefits to be included
- [6.6.3](#) Valuing fringe benefits
- [6.6.4](#) First \$1,000 of reportable fringe benefits exempt
- [6.6.5](#) Overseas fringe benefits
- [6.6.6](#) Ministers of religion.

6.6.1 Definitions

Fringe benefits include the value of any employer-provided benefit received during the tax year. An employer-provided benefit is any right, privilege, service, in-kind payment or facility that an employee receives (or assigns to someone else) through their employment.

Employees may ‘sacrifice’ some of their cash salary and receive the value of that amount as a fringe benefit. In other cases, a fringe benefit may be a fixed part of the employee’s salary package.

6.6.2 Types of benefits to be included

Fringe benefits are specified by the Australian Tax Office. These items include, but are not limited to:

- leasing of vehicles
- extra superannuation contributions
- investments
- housing assistance, low-interest loans and debt waivers
- expense payment fringe benefits
- living-away-from-home allowance benefits
- board fringe benefits (certain meals)
- car, housing, airline transport, car-parking, property and residual fringe benefits.

Further details can be found at www.ato.gov.au.

6.6.3 Valuing fringe benefits

As the value of the benefit is not recorded as salary for the employee, they do not pay income tax on the amount. Instead, the employer pays Fringe Benefits Tax (FBT) on the value of the benefit. Reporting fringe benefits is the responsibility of the employer.

The declared amount, which is used in the AIC Scheme Parental Income Test, is the reportable fringe benefits total on the employee’s Taxation Assessment Notice.

The FBT year runs from 1 April to 31 March. Where applicants give an employer statement of the value of their fringe benefits, the relevant FBT year is the one completed in the [base tax year](#). For example, for a 2010 AIC Scheme assessment, the relevant year of income will ordinarily be 2008–09. The relevant FBT year will be the one that ended on 31 March 2009. Assessments based on [current tax year](#) income can be used where the criteria (in 6.7) are met.

6.6.4 First \$1,000 of reportable fringe benefits exempt

The first \$1,000 of reportable fringe benefits is exempt from the Parental Income Test (reportable fringe benefits in excess of \$1,000 appear on an employee's Taxation Assessment Notice). The amount will be reduced by the maximum tax rate, and the adjusted fringe benefits will be added to the parental income.

6.6.5 Overseas fringe benefits

Where an applicant or their [partner](#) works overseas and receives fringe benefits, the value of the benefits in Australian dollars is included (see [6.3.9](#) for the appropriate exchange method).

6.6.6 Ministers of religion

Certain benefits received by ministers of religion are exempt under section 57 of the *Fringe Benefits Tax Assessment Act*. Those benefits will not appear on their group certificates, and so will not be assessed. Otherwise, ministers of religion are treated the same as any other employee for the purposes of assessing fringe benefits.

6.7 Reportable Superannuation Contributions

This section outlines the reportable superannuation contributions as they affect the parental income test.

- 6.7.1 Definitions
- 6.7.2 Reportable employer superannuation contributions
- 6.7.3 Self-employed superannuation contributions

6.7.1 Definitions

Reportable superannuation contributions are those within the meaning of the *Income Tax Assessment Act 1997* and includes discretionary contributions made by employers (also known as concessional or before-tax contributions). These can be split into 2 components:

- reportable employer superannuation contributions paid at the discretion of the employee, and

- superannuation contributions made by self-employed people (personal deductible superannuation contributions).

6.7.2 Reportable employer superannuation contributions

Reportable employer superannuation contributions are employer superannuation contributions paid at the discretion of the employee that could have been received as income. A common example are contributions made on the employee's behalf by an employer under a salary sacrifice arrangement. The contribution would have to be on top of legally required contributions such as those that have to be made under the superannuation guarantee laws or an industrial award.

6.7.3 Self-employed superannuation contributions

Superannuation contributions made by self-employed people are personal contributions made to a superannuation fund for which an income tax deduction is claimed on an individual's tax return.

6.8 Current income assessment

This section outlines the current income assessment process for the Parental Income Test.

- [6.8.1](#) Assessment based on [current tax year](#)
- [6.8.2](#) Parental current tax year assessment concession (fall in income)
- [6.8.3](#) Estimated income
- [6.8.4](#) Approval of estimated income
- [6.8.5](#) Reverse current income (increase in income).

6.8.1 Assessment based on current tax year

Assessment may be based on income for the [current tax year](#) (i.e. the tax year ending in the year for which benefits are sought) where either:

- the applicant and their [partner](#) (if applicable) being income tested suffer a substantial and lasting fall in income, and the current tax year assessment is approved (see [6.8.2](#))
- or
- the parental income for the current tax year is more than 25% of the parental income for the [base tax year](#), and the reverse current income rule is applied (see [6.8.5](#)).

There is no provision for the Parental Income Test to be applied to any period later than the current tax year.

6.8.2 Current tax year assessment (fall in income)

Current tax year assessment applies where it would be unreasonable to assess eligibility for Additional Boarding Allowance on the basis of parental income for the base tax year because:

- the drop in parental income is substantial (see *Definition of substantial fall in income*, below) and
- the drop is likely to last for at least two years from the date of the circumstance causing hardship or 1 January of the year of study, whichever is the later (see *Duration of fall in income*, below).

Circumstances in which a current tax year assessment can be approved

Circumstances in which current tax year assessment may be approved are:

- permanent invalidity, retirement or any similar circumstance that removes or reduces earning capacity
- drought, bushfire or other circumstance (e.g. flood, cyclone) beyond the person's control
- any other circumstances causing hardship.

Loss of an applicant or their partner through death or separation does not warrant current tax year assessment, unless the remaining applicant also suffers a significant and sustained fall in income.

Definition of substantial fall in income

A substantial drop in parental income for the period should generally be at least 25 per cent of the base tax year income.

Assessors should use discretion when the drop is less than 25 per cent.

Clearly, a smaller drop could have a substantial effect on the standard of living of people on lower incomes.

Also, where the drop occurs late in the tax year or where the difference in tax year totals is influenced by once-off income (such as redundancy or termination payments), it may be more substantial than is immediately apparent when comparing tax year totals and Current Tax Year assessment can be approved.

Example 34: Retirement causes large fall in income

Mr and Mrs Presley had an income of \$45,000 in the normal assessment year. On 30 November in the following tax year, Mr Presley retires. Their income for that year is \$12,000 for the period from 1 July to 30 November and then \$175 a week from superannuation for the period from 30 November to 30 June. Although this does not represent a fall of 25% between the tax years, there has clearly been a drastic fall in parental income. Current income assessment may be granted.

Duration of fall in income

The circumstance causing the fall in income must be one that could reasonably be expected to last for at least two years. Any claim on this basis should be accepted unless there is evidence to the contrary. However, claims based on seasonal falls in a market

that is subject to short-term fluctuations (e.g. in the case of primary producers) cannot not be approved unless special circumstances (e.g. expert forecasts of a prolonged slump) can be demonstrated by the applicant.

Where current tax year assessment has been granted on the expectation that the drop in income will last at least two years, any subsequent change in circumstances (e.g. an unemployed [parent](#) finding a new job in a shorter time) will not affect the current tax year assessment unless evidence suggests that the original request was made in bad faith.

In some cases, changing circumstances might mean an increase in the income on which the assessment is based. In such cases, a re-estimate of income for the current tax year may be necessary (see [6.8.3](#)).

Date of effect

If the date of the fall in income is *earlier* than 1 January of the year in which assistance is sought, the date of effect for current tax year assessment is 1 January. In this case, entitlement for the whole [eligibility period](#) is assessed on the parental income (see [6.3](#)) for the current tax year.

If the date of the fall in income is on or after 1 January, the date of effect is the date of the fall in income. In such a case:

- entitlement for the period of eligibility *before* the date of the fall is assessed on the parental income for the base tax year
- entitlement for the period of eligibility *from* the date of the fall is assessed on the parental income for the current tax year.

In most cases, the date from which income dropped will be easily established. However, where income is affected by circumstances such as drought, it will be necessary to establish an approximate date based on such considerations as the normal arrangements for marketing products and the period of production to which the income related when the adverse effect became apparent. If no precise date is available, the date chosen will be the first day of the most appropriate month.

6.8.3 Estimated income

An estimate of income may be used to determine provisional entitlement and begin payments. However, actual entitlement remains subject to actual income, so the applicant's entitlement will be reassessed as soon as the confirmed income details are available.

Applicants for this concession should be warned at the outset of the possibility of overpayments resulting from underestimates of income or from unexpected changes in circumstances.

Where an applicant has been assessed on an estimate of income in the [current tax year](#), they should provide acceptable proof of income (see [6.1.3](#)) as soon as possible after the end of the current tax year.

Where a reassessment is necessary because actual income exceeds the original estimate, the reassessment should be based on the lower of either:

- the parental income for the current tax year (i.e. the tax year ending in the year for which benefits are sought)
- or
- the parental income for the [base tax year](#) (i.e. the tax year ending in the year before the year for which benefits are sought).

Note: In exceptional cases, the provisions of 6.9 (Waiver of Parental Income Test) or [6.785](#) (Reverse current income assessment) may override this assessment.

6.8.4 Approval of estimated income

The assessor should consider whether an applicant's estimate of income is reasonable. The estimate should take into account:

- the actual income of the applicant and their [partner](#) (where relevant) for the [current tax year](#) income up to the date of the drop in income
- any taxable component of redundancy or separation payouts (e.g. superannuation or lump sum leave entitlements)
- indexation increases in remaining wages
- anticipated income from the date of the drop until the end of the tax year (including earnings from casual employment or occasional overtime).

The assessor should be satisfied that the estimate of the size of the drop is reasonable in the light of available information about such factors as previous earnings and current employment.

Example 35: Drop in income before the allowance year

Marina's mother is seeking AIC allowances for the year of study. She gave up full-time employment in November of the previous year. Marina's entitlement to Additional Boarding Allowance for the whole of the year of study is normally assessed on the incomes of both parents for the base tax year but may be assessed on their current tax year income. If Marina's mother resumes full-time employment during the year of study, assessment may still be made on current tax year income (with a new estimate). However, the original request for current tax year income assessment must have been made in good faith (in the expectation that the drop in income would last at least 2 years), and current tax year income assessment is more advantageous to Marina than the base tax year assessment.

Example 36: Drop in income between 1 January and 30 June of the allowance year

Reid's father is seeking AIC allowances for the year of study. He retires on 13 February and subsequently receives superannuation. Entitlement to Additional Boarding Allowance up to 12 February is assessed in the normal way on Reid's parents' income during the base tax year. Entitlement from 13 February to 31 December is assessed on his parents' income for the current tax year (the tax year that ends during the year of study). Should Reid's father re-enter the workforce, the principles outlined in Example 35 apply.

6.8.5 Reverse current income (increase in income)

A 'reverse current income' assessment is applied when there is a significant increase in parental income during the [current tax year](#).

This assessment is applied where the parental income for the current tax year is more than 25 per cent of the income for the [base tax year](#). However, if the income for the base

tax year is less than the PIFA (see [6.3.2](#)), the income for the current tax year must also be more than 25 per cent of the PIFA.

Where a reverse current income assessment is called for, the entitlement is reassessed from 1 October (i.e. base tax year assessment applies for the [eligibility period](#) before then).

If an applicant considers that a reverse current income assessment will be necessary, but exact income details are not available, a provisional assessment can be based on an estimate of parental income for the current tax year. When income details for the current tax year are available, a further reassessment may be necessary if the estimate proves to be inaccurate.

<p>Example 37: Income increase below test threshold</p> <p>Adrian's father is seeking AIC allowances for the year of study. His entitlement to Additional Boarding Allowances is assessed on the basis of a parental income of \$17,000 for the base tax year. During the current tax year (the tax year that ends during the year of study), the parental income increases to \$32,000. Reverse current income does not apply, as the current income is not more than 25% higher than the Parental Income Free Area.</p>	<p>Example 38: Expected income not taken into account</p> <p>Mr Bushell (a sole parent) is receiving maximum Additional Boarding Allowance for his daughter on the basis of his income in the base tax year. During the current tax year, he works on a very important project that requires large amounts of overtime. He resigns on 20 May and receives a substantial lump sum termination payment that is taxable. As Mr Bushell's current tax year income is more than 25% higher than in the base tax year (and more than 25% of the PIFA), his entitlement must be reassessed using the current tax year. This increased income leaves him eligible for only the Basic Boarding Allowance from 1 October. Mr Bushell is unable to find work and expects to have a substantially lower taxable income for the following tax year. However, this lower income cannot be considered under the Parental Income Test, as there is no provision for income after the current tax year to be taken into account. Mr Bushell receives a Low Income Health Care Card from 11 September, and special assessment applies. From that date, he is again eligible for maximum Additional Boarding Allowance .</p>
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6.9 Current AIC Scheme income limits

This section defines the current income limits (the PIFA) used in the Parental Income Test.

- [6.9.1](#) Parental Income Free Area
- [6.9.2](#) Upper Income Limit
- [6.9.3](#) Effect of other dependent children or [students](#).

6.9.1 Parental Income Free Area (PIFA)

- The PIFA is
 - 1 January – 31 December 2009, \$32,800.
 - 1 January – 31 June 2010, \$33,300.
 - 1 July – 31 December 2010, \$44,165.
- From 1 July 2010 the Additional Boarding Allowance entitlement is reduced by \$1 for every whole \$5 of parental income over the PIFA. Previously this rate was \$1 for every whole \$4 of parental income.
- Adjustments for dependent children or [students](#) (see [6.3.4](#)) increase the PIFA

6.9.2 Upper Income Limit

- The Upper Income Limit is
 - 1 January – 31 December 2009, \$41,843.
 - 1 January – 31 June 2010, \$42,479.
 - 1 July – 31 December 2010, \$55,608.
- Adjustments for dependent children or [students](#) (see [6.3.4](#)) increase the Upper Income Limit.

6.9.3 Effect of other dependent children or students

Both the PIFA and the Upper Income Limit are increased in both 2009 and from 1 January to 30 June 2010 by:

- \$3,792 for each additional child/student who:
 - are aged 16 or over
 - is in full-time education (whether or not in an approved course)
 - do not qualify as independent under Youth Allowance or ABSTUDY and
 - do not receive a social security or Department of Veterans' Affairs pension, benefit or allowance unless it paid for the purposes of study (except where Family Tax Benefit is payable for a child/[student](#)).

Where dependent children are under 16 and eligible for either Boarding Allowance or Second Home Allowance under the AIC Scheme the PIFA and Upper Income Limit are also increased. The figures for both 2009 and from 1 January to 30 June 2010 are:

- \$1,230 for the first other dependent child or student under 16 not included above
- \$2,562 for each subsequent dependent child or student under 16 not included above.

These adjustments are not used in the Parental Income Test from 1 July 2010.

From 1 July 2010, there is a change to the way other [dependent children](#) are taken into account where parental income is above the PIFA (see Part [6.4](#))

6.10 Waiver of the Parental Income Test

This section outlines the reasons and basis for waiving the Parental Income Test.

- [6.10.1](#) Reasons for waiver
- [6.10.2](#) [Special assessment](#)
- [6.10.3](#) Duration of special assessment
- [6.10.4](#) Reassessment after special assessment lapses

6.10.1 Reasons for waiver

The Parental Income Test is waived where:

- [special assessment](#) applies (see [6.10.2](#))
- the applicant or their [partner](#) has been directed or authorised by a court, [Minister](#) or government authority to care for the [student](#) (away from their natural or adoptive parents) under a substitute or foster care arrangement (see [6.10.2](#))
or
- an organisation or institution is the [approved applicant](#) (see [6.10.2](#)).

6.10.2 Special assessment

The [special assessment](#) concession waives the Parental Income Test for any period during which the applicant (or their [partner](#)) either:

- receives one of the types of financial assistance specified in this section
 - holds certain health care cards
 - the [student](#) is on certain foster care arrangements
- or
- the applicant is an organisation or institution.

In these cases, the income test is not applied to either person's income and, subject to boarding costs, the student is entitled to the maximum Additional Boarding Allowance during the period.

Special assessment as a result of receipt of assistance

Special assessment applies for the period that either the applicant or their [partner](#) is receiving Australian Government assistance through either:

- an income support payment, social security pension/benefit as defined under the *Social Security Act 1991*
 - a Department of Veterans' Affairs pension (excluding the Disability Pension)
 - Exceptional Circumstances Relief Payment
 - the income support component of the New Enterprise Incentive Scheme
 - a Textiles, Clothing and Footwear Special Allowance
 - Youth Allowance, Austudy or ABSTUDY Living Allowance
 - an allowance for full-time vocational training or education
- or
- a Community Development Employment Projects (CDEP) wage as a participant (i.e. the wage is not paid for administering a CDEP).

Special assessment as result of receipt of certain health care cards

Special assessment applies for the period the applicant or their partner holds a certain valid Australian Government health care cards for low-income earners (including health care cards issued to families in receipt of the maximum rate of the Family Tax Benefit Part A).

However, the special assessment concession does not apply either:

- after the expiry date on the card
 - where a [parent](#) holds a health care card because they receive a social security Mobility Allowance or Carer Allowance (for a disabled child)
- or

- where the applicant or their partner holds only a Pensioner Concession Card or a Commonwealth Seniors Health Card.

Special assessment because student is in foster care

Subject to their boarding costs, a student in [state-authorised care](#) or a foster care arrangement may receive maximum Additional Boarding Allowance if the foster carer is not receiving a foster care or similar allowance from a government authority (see [5.2.2](#) for eligibility and evidence requirements in such circumstances).

In such cases, the applicant is the official foster parent (or their partner), and the Parental Income Test is waived.

Special assessment where applicant is an organisation or institution

Where an organisation or institution is the [approved applicant](#), the income test is waived and maximum Additional Boarding Allowance is payable, subject to boarding costs.

6.10.3 Duration of special assessment

[Special assessment](#) either:

- begins from 1 January of the year for which assistance is sought or the date the applicant or their [partner](#) begins receiving one of the types of financial assistance or begins to hold a valid health care card (specified in [6.9.2](#)), whichever is later
- lapses the day that the applicant or their partner ceases to receive that financial assistance, or when their health care card (specified above) becomes invalid.

Where an applicant or their partner's Exceptional Circumstances Relief Payment ceases as a result of drought recovery, they are taken to be receiving a payment under that program until the end of the year in which payments cease. As a result, special assessment continues to apply until the end of the calendar year.

6.10.4 Reassessment after special assessment lapses

Where [special assessment](#) lapses (see [6.10.3](#)), the Parental Income Test will be applied to income for the [base tax year](#), unless the conditions for [current tax year](#) assessment are satisfied (see 6.7).

Example 32: Parents reunite after separating during year of study

Joanne's mother is seeking AIC allowances for the year. Joanne's parents separate on 1 February. Her mother receives a Parenting Payment (Single) (PPS), and Joanne remains with her. Her parents reunite 7 months later, on 1 September and the PPS ceases.

Assessment basis

1 January – 31 January: base tax year assessment on

Example 33: Parent gains employment

Cameron's father is seeking AIC allowances for the year. He loses his job on 11 April, and receives Newstart Allowance (NSA). He starts work again on 23 May and his NSA ceases. Cameron's mother has a part-time job.

Assessment basis

1 January – 10 April: base tax year assessment on both parents' incomes

<p>both parents' incomes</p> <p>1 February – 31 August : special assessment (income test waived)</p> <p>1 September – 31 December: base tax year assessment on both parents' incomes</p>	<p>11 April – 22 May: special assessment</p> <p>23 May – 31 December: current tax year or base tax year assessment (special assessment may apply again, if another period of unemployment occurs later in the year and NSA is received)</p>
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7 Administrative information

7.1 The claim assessment process

This section details the assessment process used when a [claim](#) is submitted.

- [7.1.1](#) Initial assessment
- [7.1.2](#) When a claim can be lodged
- [7.1.3](#) Who can complete a claim
- [7.1.4](#) Tax file numbers and exemptions
- [7.1.5](#) Supporting evidence required
- [7.1.6](#) Notice of assessment.

7.1.1 Initial assessment

Before a formal decision about assistance can be made by a [decision maker](#), [claims](#) must be:

- fully completed by an [approved applicant](#)
- supported by evidence as required
- signed by the applicant
and
- if the applicant has a [partner](#) and is applying for the income-tested Additional Boarding Allowance, signed by the applicant's partner.

7.1.2 When a claim can be lodged

[Claims](#) must be lodged by 31 December of the year for which assistance is sought, unless [Centrelink](#) has recorded an 'intent to claim' by that date.

Applicants can register intent to claim by phone, post or fax to Centrelink, or in person. For the date of that contact to be accepted as the date of claim, and for the claim to be paid from the earliest possible date, a claim must be received by Centrelink within 13 weeks.

AIC allowances may be paid approved where an incomplete claim is accepted if either:

- it is lodged by 31 December, or
- intent to claim has been registered by 31 December and the claim is lodged within 13 weeks. However, the applicant will need to supply any missing details before assessment can be finalised.

Regardless of the circumstances, no allowance is payable if no claim is lodged, or intent to claim is registered, by 31 December.

7.1.3 Who can complete a claim

While any person can lodge a [claim](#) for AIC allowances, to be eligible for an AIC allowance, the person must be an [approved applicant](#) (see [2.1](#)).

7.1.4 Tax file numbers and exemptions

Section 44A of [the Act](#) specifies that no benefit will be payable unless:

- the applicant's Tax File Number (TFN) is provided
- if the applicant has a [partner](#) whose income is taken into account in calculating the Additional Boarding Allowance, the TFN of the applicant's partner is also provided.

If a person does not have or cannot provide their TFN, a 'TFN Application/Enquiry Form' can be lodged with [Centrelink](#) with appropriate proof of identity as required by the Australian Taxation Office. If this is done, the person is regarded as having supplied TFN details.

An applicant or their partner is exempt from providing a TFN where:

- they receive a social security or Department of Veterans' Affairs pension or benefit
- a charitable organisation is applying on behalf of a [student](#) (a tax-exempt TFN should be supplied if possible)
- the death of the applicant or their partner makes their TFN details irrelevant to the student's eligibility
- the physical safety of the applicant or their partner is at risk from another person, and disclosing the TFN could increase the risk
- or
- they are resident outside [Australia](#) and have no assessable income under the *Income Tax Assessment Act 1936* for the period of the income test.

A temporary exemption also applies where the applicant or their partner:

- has lost all records of their TFN because of fire or flood damage to their home in the 6 months before the [claim](#) (this exemption ceases 6 months after the damage occurred)
- is an Aboriginal or Torres Strait Islander who is attending a traditional ceremony at the time of the claim lodgement (a TFN must be provided on their return)
- or
- is temporarily overseas (a TFN must be provided on their return).

Note: The applicant's partner must provide a TFN only where their income is to be taken into account to calculate the rate of Additional Boarding Allowance. This means that they are not required to provide a TFN where [special assessment](#) applies (see [6.8.2](#)).

7.1.5 Supporting evidence required

Supporting evidence is required under particular circumstances:

- Where this is the first AIC Scheme [claim](#) lodged for the [student](#), proof of the student's age is required, unless Family Tax Benefit, Maternity Payment or Child Care Benefit has been paid for them.
- Where either the applicant or the student is not an Australian citizen, evidence of permanent residency and/or settlement is required.
- Where the student is isolated from schooling for reasons other than distance or travel time, the applicant may need to provide evidence to support the claim that the local state school is inappropriate (see Section 4 for specific requirements).
- Where the claim is for the income-tested Additional Boarding Allowance, proof of income may be required (see Section 6).

7.1.6 Notice of assessment

In response to receipt of an AIC Scheme [claim](#), [Centrelink](#) will send a written notice of the decision, outlining the outcome of the assessment and, if applicable, providing details of entitlement. Where the applicant or [student](#) is ineligible for assistance under the scheme, the reason for ineligibility and information about appeal rights will be provided (see [7.3](#) for information about reviews and appeals).

7.2 Applicant's rights and obligations

This section details the rights and obligations of an applicant when an AIC Scheme [claim](#) is submitted.

- [7.2.1](#) Obligations
- [7.2.2](#) Rights to privacy and confidentiality
- [7.2.3](#) Use of information by government.

7.2.1 Obligations

By signing the [claim](#) or accepting a payment, the applicant agrees to provide correct information, to notify [Centrelink](#) of particular events, and to repay any overpayment.

Supply correct information

Giving false or misleading information is a serious offence. Applicants or their [partners](#) who do so may be prosecuted under the *Criminal Code*.

Notify prescribed events

Some events can affect eligibility for AIC allowances. The following prescribed events are defined in the *Student Assistance Regulations 2003*. If any of them occurs, the person who is receiving or entitled to receive payment must notify Centrelink within 14 days.

- The [student](#) either:
 - does not enrol at the school or [distance education](#) course to which the allowance relates by the end of the enrolment period
 - does not begin school or the distance education course within the first 2 weeks after the first day on which the course is offered, or on the day on which the student commences boarding
 - discontinues the education to which the allowance relates
 - has their enrolment cancelled by the education institution
 - begins to receive a benefit for education or vocational training from the Australian Government or an Australian Government authority
 - begins to receive ABSTUDY, Youth Allowance, sickness allowance or special benefit mentioned in Chapter 2 of the Social Security Act

- begins a full-time apprenticeship or traineeship
- is taken into lawful custody
- changes the address of their place of residence or permanent home
- is the subject of a change in foster care arrangements
- moves from one [parent's](#) residence to the other parent's residence as a result of the parents' divorce or separation
- is the subject of a change to the arrangements for travel to and from the [principal family home](#) to the school
- ceases to board away from home, or live in a [second family home](#), while undertaking study
- ceases to be an Australian citizen
- ceases to be an Australian permanent resident under the Migration Regulations 1994
- ceases to be the holder of a special category visa under the *Migration Act 1958*
- ceases to be the holder of a special purpose visa under the Migration Act
- is the subject of a variation of the amount of boarding costs for which an amount under the AIC Scheme is being claimed

or

- dies.
 - The geographical isolation reason for which an amount under the AIC Scheme was granted ceases to apply.
 - A person either:
 - becomes or ceases to be a parent of the student to whom the amount relates
 - or
 - becomes or ceases to be the [partner](#) of the student's parent
 - The parent of the student to whom the amount relates either:
 - is taken into lawful custody
 - is admitted to a psychiatric institution
 - ceases to be an Australian citizen
 - ceases to be an Australian permanent resident under the Migration Regulations 1994
 - ceases to be the holder of a special category visa under the Migration Act
 - ceases to be the holder of a special purpose visa under the Migration Act
 - begins to receive rent assistance under the Social Security Act while receiving a Second Home Allowance under the AIC Scheme
 - earns income that exceeds the most recent estimate of income given to Centrelink
 - becomes responsible for fewer dependent children than when the [claim](#) was lodged or the last notification of the number such children was given to Centrelink
- or
- the income of the parent's partner varies from the most recent assessment of income given to Centrelink.

Failure to notify Centrelink of any occurrence of a prescribed event may contravene [the Act](#), which specifies a penalty of imprisonment of up to 12 months. Failure to notify may also be prosecuted under the Criminal Code, which carries a penalty of 5 years imprisonment.

Repay money

Recipients must repay money that they have received as a result of an overpayment (see [7.3.3](#)).

7.2.2 Rights to privacy and confidentiality

Privacy

DEEWR and [Centrelink](#) are bound by the *Privacy Act 1988*, which contains Information Privacy Principles (IPPs) that prescribe the rules for the handling of personal information by government agencies.

The Privacy Act defines ‘personal information’ as information or an opinion (whether true or false) about an individual whose identity is apparent or can reasonably be worked out from the information or opinion.

DEEWR and Centrelink will ensure that:

- personal information is collected in accordance with IPPs 1–3
- suitable storage arrangements, including appropriate filing procedures, are in place
- suitable security arrangements exist for all records containing personal information
- access to a person’s own personal information held by the organisation is made available to them at no charge
- records are accurate, up to date, complete and not misleading
- where a record is found to be inaccurate, it is corrected
- where the person contends that a record is inaccurate but it is found to be correct, the details of the request for amendment are noted on the record
- personal information is only used for the purposes for which it was collected, or for other purposes expressly allowed by IPP 10
- personal information is only disclosed in accordance with IPP 11
and
- any collection, storage, security, use or disclosure of Tax File Numbers complies with the Privacy Commissioner’s *Tax File Number Guidelines 1992*.

Privacy Complaints and Advice

Complaints about breaches of privacy and requests for advice about privacy should be referred to the Privacy Contact Officer in the Litigation and External Review Section of the Procurement, Assurance and Legal Group, at DEEWR’s National Office. Privacy Complaints may be emailed to privacy@dest.gov.au Privacy complaints can be made

directly to the Federal Privacy Commissioner; however, the Federal Privacy Commissioner prefers that the Department be given an opportunity to deal with the complaint in the first instance.

Confidentiality

Provisions in [the Act](#) govern the confidentiality of information obtained to administer the AIC Scheme. These provisions prohibit unauthorised access to, use and disclosure of protected information, which is defined in the Act.

Protected information can only be accessed, used or disclosed in accordance with [the Act](#). Such circumstances may include, but are not limited to, situations in which the access, use or disclosure either:

- has been consented to by the applicant or a person authorised by them
 - is for the purposes of the Act, or other specified Acts relating to child support
 - is in accordance with ministerial guidelines made under the Act, which provide for disclosures in the public interest
- or
- is in accordance with the Chief Executive Officer's Instrument that provides for disclosure to other Australian Government departments or authorities.

Unauthorised access to, use of or disclosure of protected information is an offence punishable on conviction by imprisonment.

7.2.3 Use of information by government

Compliance investigations

Any information given by the applicant may be checked with third parties, where its accuracy is relevant to eligibility. This includes checking school enrolment and study details with state or territory education authorities and travel details with school transport authorities, local governments and bus contractors.

[Centrelink](#) may contact applicants during the year to check on changes of circumstances that could affect eligibility for AIC allowances. Additional special purpose checks are conducted from time to time to investigate specific eligibility and entitlement aspects in more detail.

Data-matching program

Under the *Data-Matching Program (Taxation and Assistance) Act 1990*, information provided to claim an AIC allowance may be checked against information held by other Australian Government agencies to prevent fraud and duplication of payments. These agencies include:

- Australian Taxation Office
- DEEWR
- Department of Families, Community Services and Indigenous Affairs

- Department of Veterans' Affairs
- Department of Health and Ageing.

Freedom of information requests

All documents created or held by [Centrelink](#) and DEEWR connected with the AIC Scheme are subject to the *Freedom of Information Act 1982*. Unless a document falls under an exemption provision, it will be made available to the general public if requested under that Act.

Under the DEEWR–Centrelink Business Partnership Agreement, Centrelink and DEEWR are responsible for managing their own obligations under the relevant legislation concerning Freedom of Information requests. DEEWR and Centrelink must provide each other a copy of any FOI request if it relates to the administration of the AIC Scheme.

All FOI requests received by DEEWR are to be referred immediately to the Freedom of Information Coordinator in the Litigation and External Review Section of the Procurement, Assurance and Legal Group, in the Department's National Office. Decisions regarding requests for access will be made by DEEWR's authorised decision-maker in accordance with the requirements of the FOI Act.

FOI requests for Centrelink information can be made at any Centrelink Office. Further information on Centrelink processes can be found at www.centrelink.gov.au/internet/internet.nsf/legal/FOI.htm

7.3 Reviews and appeals

This section outlines the review and appeals processes available to the AIC Scheme applicant.

- [7.3.1](#) Assessments, reassessments and reviews
- [7.3.2](#) Appeals about assessments or eligibility
- [7.3.3](#) Recovery of debt.

7.3.1 Assessments, reassessments and reviews

In assessments, reassessments and reviews, the [decision maker](#) must use the principles and requirements in these guidelines.

Assessments

The decision maker must not be biased, and the applicant must be given a fair chance to put their case before a decision is made.

For an assessment, these requirements are satisfied by:

- allowing the applicant to provide all relevant information on the [claim](#)
- giving the applicant an opportunity to comment, if evidence other than that provided by them is taken into account
and
- ensuring that a notice of decision to the applicant includes reasons for the decision and information about appeals and internal reviews.

Reassessments

At any time, a claim may be reassessed and entitlement recalculated on the basis of additional information or evidence provided to [Centrelink](#).

Applicant's right of review

If an applicant disagrees with a decision about their assessment (or reassessment) and believes that the policy for the AIC Scheme has not been applied correctly, they or their agent can ask for an internal review of the decision. The request must be made to Centrelink by telephone, at a Centrelink office, or in writing.

Internal review of assessment decisions

For internal reviews or appeals, a [review officer](#) must consider an applicant's request for a review of the matter. The applicant should be invited to put their case in writing.

In an internal review, the review officer must either:

- affirm the decision
- vary the decision

or

- set the decision aside and substitute a new decision.

The review officer must give the applicant a written notice of the decision that includes an explanation of the original decision and:

- sets out the reasons for the decision
- sets out the findings on material questions of fact
and
- refers to the evidence or other material on which those findings were based.

The notice must also advise the applicant that they may appeal against the decision to the [Minister](#) responsible for the AIC Scheme.

If the original assessment (or reassessment) decision is varied, any benefit withheld and now payable is to be paid retrospectively from the relevant effective date.

7.3.2 Appeals about assessments of eligibility and/or entitlement

Appeals to the [Minister](#)

If the applicant continues to disagree with a decision by a [review officer](#), they or their agent can appeal in writing to the [Minister](#).

The Minister must consider all relevant circumstances of the appeal, including any new matters raised by the applicant. Relevant factors include:

- the financial implications for the Australian Government if access to the AIC Scheme is granted
- whether granting access to the scheme would contravene any other government decision or requirement.

Appeals to the Social Security Appeals Tribunal and the Administrative Appeals Tribunal

A decision by the [Minister](#) relating to eligibility of payment cannot be appealed to the Social Security Appeals Tribunal (SSAT) or the Administrative Appeals Tribunal (AAT).

However, a dissatisfied applicant may still seek a judicial review of an assessment decision by applying directly to the Federal Court or the High Court (see [7.3.3](#)).

7.3.3 Recovery of debt

Government's right to recover debt

Under [the Act](#), recovery action may be taken where an overpayment has been made. The power to make decisions about debt recovery is delegated to certain [Centrelink](#) officers.

Any person affected by a decision made under the Act can ask for an internal review of that decision.

Types of debt recovery decisions

Decisions about recovering a debt include:

- calculation of debts
- imposing late payment charges and/or interest
- allowing payment of debt by instalments
- writing off a debt
- waiving the right to recover a debt.

Debt recovery after an unsuccessful appeal

Where an applicant appeals to the [Minister](#) about an assessment decision that resulted in a debt and the appeal is not upheld, a [review officer](#) will review the debt recovery decision. This means the applicant or their agent does not have to lodge a formal request for an internal review of the debt recovery decision.

The outcome of this review will be notified in writing by Centrelink to the applicant.

Internal review of debt recovery decisions

An applicant who is dissatisfied with a debt recovery decision can apply for an internal review of the decision by telephone, in writing or in person at a Centrelink office.

The debt recovery decision is not subject to review by the [Minister](#).

The review officer must give the applicant a written notice of the decision that includes an explanation of the original decision and:

- sets out the reasons for the decision
- sets out the findings on material questions of fact
and
- refers to the evidence or other material on which those findings were based.

The notice must also advise the applicant that they may appeal against the decision to the SSAT.

Appeals to the Social Security Appeals Tribunal and the Administrative Appeals Tribunal about debt recovery

If the applicant receives an unfavourable decision from the internal review, they can seek an independent review by the SSAT.

The applicant has three months after the day on which the review decision was made to lodge an appeal with the SSAT (if there are special circumstances, Centrelink may extend the deadline).

If the applicant is dissatisfied with the decision of the SSAT, they may appeal that decision to the AAT.

Appeals to the SSAT or the AAT may be lodged directly with the tribunals or through Centrelink.

Appeals to the Federal Court about debt recovery

If the applicant disagrees with a debt recovery decision, they may appeal to the Federal Court on a matter of law. When reviewing the legality of debt administration, the Federal Court can vary or set aside a decision, or substitute a new decision.

Waiver of the right to recover a debt

Under the Act, the DEEWR Secretary, or their delegate, can waive the Australian Government's right to recover a debt or write off the debt, in whole or in part, including in cases:

- of administrative error by Centrelink, where this is the sole cause of the overpayment, as long as the person received the payments in good faith (this only applies where the debt was not raised within six weeks from the first payment that caused the debt or within six weeks of the person notifying Centrelink of a change in circumstance that affected their entitlement)
- where a person has been convicted of an offence that gave rise to some or all of the debt and the court has imposed a larger custodial sentence on the person because they were unwilling or unable to pay the debt
- where the debt is less than \$50 and it is not cost-effective for the Commonwealth to take action to recover it
- where part of a debt has been repaid
- where special circumstances (other than financial hardship alone) make it better to waive recovery than to write off the debt and the person or another person has not knowingly provided false information or failed to comply with a provision of the Act, and the resulting non-compliance gave rise to the debt.

7.4 Roles and responsibilities for administration of the scheme

DEEWR is responsible for AIC Scheme policy. Policy changes are approved by the [Minister](#).

The [Minister](#) has authority to review all AIC Scheme assessment decisions (see [7.3.2](#)). Reviews can result in recommendations for policy changes.

[Centrelink](#) administers the scheme under the DEEWR–Centrelink Business Partnership Agreement. Centrelink conducts assessments, processes [claims](#) and makes payments.

Under [the Act](#), the DEEWR Secretary is responsible for general administration of AIC Scheme, subject to directions from the [Minister](#). The Secretary has delegated all of their powers relating to the administration of the AIC Scheme to the Centrelink Chief Executive Officer (CEO). The Centrelink CEO has subsequently conferred these powers onto certain Centrelink officers.

Under the *Financial Management and Accountability Act 1997*, the DEEWR Secretary has delegated to the Centrelink CEO the power to approve, cancel, vary or suspend proposals for expenditure of AIC Scheme funds. The Centrelink CEO has subsequently conferred these powers on certain Centrelink officers.

The AIC Scheme guidelines are updated once a year. Changes are published on DEEWR's website and provided to Centrelink in writing.

Where the Minister approves a change to the guidelines (e.g. as a result of an appeal), that change should be taken into account in all current and later cases, including internal reviews of assessment decisions (see [7.3.1](#)) and appeals to the Minister about assessment decisions (see [7.3.2](#)).