

# AIC

## **Assistance for Isolated Children Scheme**

### **2007 Guidelines**

Learning Needs Section  
Targeted Assistance Branch  
Department of Education, Science and Training

## Changes from the AIC Scheme 2006 Guidelines

Each year, the AIC Guidelines are reviewed and edited. Several notable policy changes occurred for this year and are described in the table below. For a full list of all changes, including wording changes made for clarification and succinctness, refer to [Attachment B](#).

Section	Change
1.1 Definitions	Definition of Appropriate state school clarified. A “selective” or “specialist” school is not considered an “Appropriate state school” in determining AIC geographic isolation criteria unless it is a school attended by the claiming student.
1.2.5 Roles and Responsibilities for administration of AIC	Reworded to align with current arrangements where the Minister approves policy and the Parliamentary Secretary decides appeals.
Former Sections 2.1.4 Student lives with parent(s)	Section renumbered to 2.1.3. Removal of the requirement that one Parent must apply for all respective students normally live with them.
Former Sections 2.1.6 Student lives with each Parent separately and 2.1.7 Matters to consider where there is a dispute over who should be the approved applicant	Sections renumbered to 2.1.5 and 2.1.6. Rewording to clarify how to determine an approved applicant where the student lives with each Parent separately and/or there is a dispute over who can claim AIC in respect of a student.
Former Sections 2.4.1 Lodgement of Claim and 2.4.2 Late lodgement concession	Removal of the requirement that applicants claim AIC by 31 March of that year to receive payment for the full year.
3.3 Age limits and 3.4 Approved level of study	Removal of “Preparatory Year Trial” and insertion of the “Preparatory Year for the Queensland education system to confirm that this is year is now eligible for AIC allowances.
4.1.2 Nearest Appropriate state school	Definition of Appropriate state school clarified. A “selective” or “specialist” school is not considered an “Appropriate state school” in determining AIC geographic isolation criteria unless it is a school attended by the claiming student.
Former Section 4.2.7 Rule 3 – Measuring travel time	Renumbered to 4.2.6. Inclusion of a deemed speed for water transport (to assist in calculation of travel time).
Former Section 4.2.18 Conditions in year of assistance concession and 4.2.19 Rule 3 – How pro-rata entitlement is calculated	Section renumbered to 4.2.16. Removal of pro-rata eligibility for students who are geographically isolated for periods of less than 20 school days per year.
4.3.11 Student would suffer serious educational disadvantage if not able to bypass local school	Rewording to clarify supporting documentation and include the Western Australian system of education.
4.4.2 Occupation of parent(s) involves frequent moves	Clarification of evidence requirements for person applying for AIC on the basis of itinerant occupation.
5.1.5 Payment frequency – term instalments	Rewording to include the Queensland Government’s “homestay programme”.

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# 1 General

## 1.1 Definitions for these Guidelines

For the purposes of these Guidelines, the following definitions apply:

### **Act, the**

unless otherwise specified, for the purposes of these guidelines any reference to ‘the Act’ means the *Student Assistance Act 1973*.

### **AIC Scheme**

means the Assistance for Isolated Children Scheme.

### **Appropriate state school**

means one which offers tuition at the **Student’s** level, that is, 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** programme, special facilities and/or a special environment, an Appropriate state school may be regarded as a state school that has or can provide access to the special programme, facilities and/or environment required for the Student (see [4.3](#)).

A “selective” or specialist school may be considered an Appropriate state school, depending upon a Student’s enrolment (see [4.1.2](#))

### **Approved applicant**

means a person who meets the conditions set down in [2.1](#).

### **Australia**

means Australia and its external territories (including Christmas Island, Norfolk Island and Cocos (Keeling) Islands).

### **Centrelink** (as per the *Commonwealth Service Delivery Agency Act 1997*)

means the organisation set up to provide a wide range of Australian Government services to the Australian community. This organisation is also known as the Commonwealth Service Delivery Agency.

### **Centrelink AIC Processing Centre**

means the organisational unit that is responsible for the assessment, and processing of AIC Scheme claim forms and benefits.

### **Circumstances beyond the family’s control**

means matters such as the death or illness of a member of the Student’s **Family**, impassable roads, or participation in a sporting or cultural event for which the **Student** was selected as a school, State or Territory or national representative.

It does not include:

- a vacation taken by the Student during term with or without the Family, or
- a change (unforeseen or otherwise) that enables a formerly ineligible Student to qualify. (see [4.2.9](#))

### **Claim, the**

means the application which provides the appropriate information required for assessment of eligibility for payments under AIC. This may include what is known as an End of Year (EoY) review form.



### **Custody**

unless otherwise specified, for the purposes of these guidelines, any reference to ‘Custody’ should be taken as those contained in parenting orders (a formal document lodged with the court which sets out parenting arrangements, including matters such as contact and residence agreements, resolved between parties with a counsellor).

### **Decision Maker**

means an officer who is authorised to make an initial decision regarding eligibility for an AIC allowance.

### **Department**

means the Australian Government Department of Education, Science and Training (DEST).

### **Disability or other health related condition**

means:

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

### **Eligible applicant**

means a person who, for the purpose of the AIC Scheme, meets:

- the definition of an **Approved applicant** set out in [2.1](#); and
- the residency requirements set out in [2.2](#); and
- the provisions regarding receipt of other Australian Government assistance set out in [2.3](#).

### **Eligible Student**

means a person who, for the purposes of the AIC Scheme:

- meets the general eligibility conditions set out in [Part 3](#), and
- meets (or is deemed to meet) one of the conditions for geographic isolation set out in [Part 4](#), and
- qualifies for an allowance because he or she either boards away from home, lives in a Second family home or studies by distance education methods (see [Part 5](#)).

### **Family**

means a family unit comprising the **Parent(s)** and their natural or adopted children. A person within the family is taken to mean a person who:

- is related by blood; or
- stands in a bona fide domestic or household relationship.

### **Likely**

means more than a remote possibility

### **Minister**

means the responsible Australian Government Minister, who, as at 1 January 2007, is the Minister for Education, Science and Training.

**Parent** (as per *Student Assistance Regulations 2003*)

in relation to a **Student** to whom an amount under AIC allowances relates, means any of the following:

- a) a natural or adoptive Parent with whom the Student normally lives;
- b) if the Student normally lives with a **Partner** of the Student's Parent — that partner;
- c) a legal guardian; or
- d) any other adult who:
  - i. has a primary or joint responsibility for the Student; and
  - ii. is not a person who resides at a boarding institution.

**Parliamentary Secretary** (as per Parliament of Australia website, [Glossary of Parliamentary Words, 2003](#))

means the Australian Government Parliamentary Secretary to the Minister for Education, Science and Training who has Ministerial authority for the AIC Scheme.

A Parliamentary Secretary is “a member [of Parliament] with similar status to a [minister](#) who assists a minister in performing his or her [executive](#) functions”. The Executive consists of “ministers from the governing party who make policy and control government departments, and who are answerable to Parliament for the way they run the government”

**Partner** (as per *Student Assistance Regulations 2003*)

in relation to the **Parent** of a **Student**, means either of the following:

- a) a person who is:
  - i. married to the parent; and
  - ii. not separated from the parent;
- b) a person who is:
  - iii. of the opposite sex to the parent; and
  - iv. living with the Parent in a de facto relationship.

**Period of eligibility**

means the period that an **Approved applicant** is eligible to receive assistance for the **Student**.

**Permanently Settled**

means a bona fide intention to remain Permanently Settled in **Australia**. In deciding, for the purposes of the AIC Scheme, whether or not a person is Permanently Settled in Australia, the following should be considered:

- the nature of the accommodation used by the person in Australia;
- the nature and extent of the **Family** relationships the person has in Australia;
- the nature and extent of the person's employment, business or financial ties with Australia;
- the nature and extent of the person's assets located in Australia;
- the frequency and duration of the person's travel outside Australia; and
- any other matter relevant to determining whether the person intends to remain permanently in Australia.

**Principal family home**

means the usual place of residence of the **Family**. It is maintained as the family's home for the entire eligibility period and is where:

- the **Student** normally lives or would normally live but for the need to live away to attend school; and
- the Student and the student's Family normally live during school holidays; and
- the applicant and/or the applicant's **Partner** reside for more than half the calendar year, or if the actual **Period of eligibility** is less than a calendar year, then for more than half of the claimed period.

The residence must be:

- in **Australia** or one of its external territories (including Christmas Island, Norfolk Island and Cocos (Keeling) Islands);
- the principal residence of the applicant. The principal residence may be a home currently occupied by the applicant in the course of that person's employment, and
- able to adequately accommodate the Student and the student's Family (i.e. parents and dependent children).

### **Review officer**

means an officer who is authorised to review decisions made by a **Decision Maker**. This officer must not have been involved in the (related) initial AIC Scheme eligibility decision. The Centrelink Review officer may also be known as an Authorised Review Officer.

### **School year**

means 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.

For Students studying by distance education methods, the School year starts on the first day of term one and ends on the last day of the final term for the course. This may be varied with the agreement of the distance education institution, provided that the Student can still complete the course satisfactorily.

### **Second family home**

Means a home maintained by the **Family** for the purpose of providing daily access to appropriate education for at least one Student who would not normally have such access from the **Principal family home**.

### **Short-term boarder**

means a **Student** who boards for a short period on one or more occasion during the year. See [5.2.13](#) for entitlement for **Short-term boarders**.

### **Special Institution**

means an institution that:

- specifically and primarily caters for **Students** with disabilities, health-related conditions and/or learning difficulties; and
- is recognised by Australian Government or State/Territory health and/or educational authorities; and
- has residential facilities.

### **Special School**

means an institution that:

- specifically and primarily caters for **Students** with disabilities, health-related conditions and/or learning difficulties; and
- is recognised as a school by Australian Government or State/Territory education authorities.

### **State Authorised Care**

means the care arrangements for a Student who has been placed in substitute care through a State/Territory welfare authority or through legal process.

**Student**

means a person to whom an amount under the AIC Scheme relates. For the purposes of the AIC Scheme, there are four types of Students:

- **Primary** - means a Student undertaking a course at the primary level of study (see [3.4.5](#)).
- **Secondary** - means a Student undertaking a course at the secondary level of study (see [3.4.5](#)).
- **Tertiary** - means a Student undertaking a course at the tertiary level of study (see [3.4.5](#)).
- **Ungraded** - means a Student undertaking a course at the ungraded level of study (see [3.4.5](#)).

**Tax Year**

means the tax year that finishes in the year of study. The previous tax year is the tax year that finishes in the year immediately prior to the year of study. For example for 2007 the *tax year* is 2006/2007 and the *previous tax year* is 2005/2006.

## 1.2 Outline of the AIC Scheme

### Introduction

The Assistance for Isolated Children (AIC) Scheme helps the **families** of **primary**, **secondary**, and certain **tertiary Students** who are unable to attend an **Appropriate state school** on a daily basis because of geographic isolation. An Appropriate state school is one which offers tuition at the Student's level, that is, 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** programme, special facilities and/or a special environment, an Appropriate state school may be regarded as a state school that has or can provide access to the special programme, facilities and/or environment required for the Student.

- [1.2.1](#) Objectives of the AIC Scheme
- [1.2.2](#) Who can get AIC Scheme allowances
- [1.2.3](#) Types of allowances
- [1.2.4](#) Legislative basis of the AIC Scheme
- [1.2.5](#) Roles and responsibilities for administration of the AIC Scheme

### 1.2.1 Objectives of the AIC Scheme

The underlying objective of the AIC Scheme is that all **Australian** children should have reasonable daily access to an Appropriate state school without regard to **parents'** income. **Families** living in areas without access to such a school incur additional costs in educating their children. The purpose of the AIC Scheme is to provide financial assistance in recognition of the additional expenditure incurred by mainly geographically isolated families for the education of their children.

It is not an aim of the AIC Scheme to assist families to send children to a school of their choice where an Appropriate state school is available. However, if a Student does not have reasonable daily access to an Appropriate state school, families are free to send him or her to the school of their choice.

### 1.2.2 Who can get AIC Scheme allowances

AIC Scheme assistance is payable if all of the following conditions are met:

- the **Approved applicant** meets the general eligibility conditions (see [Part 2](#)), and
- the **Student** meets the general eligibility conditions (see [Part 3](#)), and
- the Student is (or is deemed to be) geographically isolated from an **Appropriate state school** (see [Part 4](#)), and
- the Student boards away from home, lives in a **Second family home** or studies by distance education methods (see [Part 5](#)).

### 1.2.3 Types of allowances

Depending on the **Student's** circumstances, the AIC Scheme provides:

- Boarding Allowance (see [5.2](#)),
- Additional Boarding Allowance (see [5.2](#))
- Second Home Allowance (see [5.3](#)),
- Distance Education Allowance (see [5.4](#)), or
- Pensioner Education Supplement (see [5.5](#)).

With the exception of the Additional Boarding Allowance, all allowances are free of means testing in recognition of the extra costs faced by isolated **families** in accessing education.

## 1.2.4 Legislative basis of the AIC Scheme

The AIC Scheme is a special educational assistance scheme, as defined by the *Student Assistance Act 1973* (the **Act**). Funding for the AIC Scheme is appropriated under section 55A of the Act.

Aspects of the AIC Scheme, detailed in Parts 6 and 7 of the Act include:

- matters relating to the recovery of overpayments;
- provision of tax file numbers;
- the **Approved applicant's** obligation to notify certain events;
- certain offences; and
- the provision of evidentiary certificates.

The policy and procedures of the AIC Scheme which are not set out in the Act are set out in these Guidelines.

## 1.2.5 Roles and Responsibilities for administration of the AIC Scheme

Policy responsibility for the AIC Scheme lies with the Department of Education, Science and Training (the **Department**). Policy changes are approved by the responsible **Minister**.

The responsible **Parliamentary Secretary** has authority to review all AIC Scheme assessment decisions (see 1.5.4), which may result in recommended policy changes.

The AIC Scheme is administered by **Centrelink** under terms contained within the *2005-2008 DEST - Centrelink Business Partnership Agreement*. Centrelink conducts assessments and the processing of AIC Scheme **Claims** and making the respective payments.

Under section 5B of the **Act**, the Department Secretary is responsible for general administration of the Act, subject to any directions from the Minister. Under section 338(1) of the Act, the Secretary may delegate all of the Secretary's powers that relate to the administration of the AIC Scheme to the Centrelink Chief Executive Officer.

Also, under sections 44(1) and 53(1) of the *Financial Management and Accountability Act 1997*, the Department Secretary may delegate to the Centrelink Chief Executive Officer the power to approve, cancel, vary or suspend proposals for expenditure of AIC Scheme funds.

The Centrelink Chief Executive Officer may subsequently confer these powers on certain Centrelink staff.

The AIC Scheme Guidelines are updated once a year with subsequent changes published on the Department's internet site and provided to Centrelink in writing.

Where the Minister approves a change to these Guidelines (for example, as a result of an appeal) then that change should be taken into account in all current and subsequent cases, including internal reviews of assessment decisions (see [1.5.3](#)) and in appeals to the Parliamentary Secretary regarding assessment decisions (see [1.5.4](#)).

## 1.3 Assessment Process

### Introduction

This Part details the assessment process used when a **Claim** is submitted.

- [1.3.1](#) Claims and initial assessment
- [1.3.2](#) When can a Claim be lodged
- [1.3.3](#) Who can complete a Claim
- [1.3.4](#) Tax File Numbers
- [1.3.5](#) TFN exemptions
- [1.3.6](#) Supporting evidence required
- [1.3.7](#) Notice of assessment

#### 1.3.1 Claims and initial assessment

A **Claim** for AIC Scheme allowances must contain the information required for assessment of eligibility for payments under the AIC Scheme.

Before a formal decision about AIC Scheme assistance availability can be made by a **Decision Maker** Claims must be:

- fully completed by an **Approved applicant** (see [2.1](#)); and
- supported by evidence (as required – see [1.3.6](#)); and
- signed by the Approved applicant; and
- if the Approved applicant has a **Partner** and is applying for the income-tested Additional Boarding Allowance, the Approved applicant's Partner must sign the Claim.

#### 1.3.2 When can a Claim be lodged

**Claims** must be lodged by 31 December of the year for which assistance is sought in order to be considered, unless there has been an intent to claim registered by **Centrelink** by that date.

An intent to claim AIC Scheme allowances can be registered by the **Approved applicant** contacting Centrelink by phone, in person, by post or fax. For the date of that contact to be accepted as the date of claim, a Claim must be lodged at a Centrelink office within 13 weeks to be paid from the earliest possible date.

If there has been no intent to claim registered by 31 December and a Claim is received after 31 December of the year for which assistance is sought, regardless of the circumstances, no allowance is payable.

Where an intent to claim AIC Scheme allowances has been registered by 31 December, an AIC Scheme Claim lodged up to 31 March of the following year will be accepted.

An incomplete Claim will be accepted from an applicant if lodged by the closing date of 31 December. The applicant will, however, need to provide the missing details before the assessment can be finalised.

#### 1.3.3 Who can complete a Claim

While any person can lodge a Claim for AIC Scheme allowances, to be eligible for assistance the person must be an **Approved applicant** (see [2.1](#)).

### 1.3.4 Tax File Numbers

Section 44A of the **Act** specifies that no benefit will be payable unless:

- the applicant's Tax File Number (TFN) is provided, and
- if the applicant has a **Partner** whose income is taken into account in calculating the Additional Boarding Allowance payable, the TFN of the applicant's Partner is also provided.

Where the applicant and/or applicant's Partner does not have or cannot provide their TFN a 'TFN Application/Enquiry Form' can be lodged with **Centrelink** (see [1.3.4](#)) with appropriate proof of identity as required by the Australian Taxation Office.

Where a completed 'TFN Application/Enquiry Form' is lodged with Centrelink, this may be regarded as the person having supplied details of his or her TFN.

### 1.3.5 TFN exemptions

An applicant or applicant's **Partner** is exempt from providing a TFN where:

- he/she receives a social security or DVA pension or benefit (i.e. a social security age pension, disability support pension, wife pension, carer pension, pension parenting payment (single), widow B pension, special needs pension or special benefit; or a pension under Part III of the *Veterans' Entitlements Act 1986*);
- 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 that person's TFN no longer relevant to the Student's eligibility;
- the physical safety of the applicant or their Partner is at risk from another person and disclosure of the TFN could increase the risk; or
- he/she is resident outside **Australia** and had 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 within the 6 months preceding the Claim for the AIC Scheme allowances-this exemption ceases 6 months after the damage occurred;
- the applicant or their Partner 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 from participation in the ceremony; or
- the applicant or their Partner is temporarily overseas - a TFN must be provided on their return to Australia.

Note: Under the Act the applicant's Partner is not required to provide a TFN unless their income is to be taken into account in calculating the rate of Additional Boarding Allowance payable. As a result, the applicant's Partner is not required to provide a TFN where Special Assessment applies (see [6.4.2](#)).



### 1.3.6 Supporting evidence required

Where:

- this is the first AIC **Claim** lodged for the **Student**, proof of age of the Student is required, unless Family Tax Benefit has been paid for the Student,
- either the applicant or the Student are not an Australian citizen, evidence of permanent residency is required,
- 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,
- the Claim is for the income-tested Additional Boarding Allowance, proof of income may be required.

### 1.3.7 Notice of assessment

In response to every accepted AIC Scheme **Claim**, **Centrelink** will forward 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 AIC Scheme, the reason for ineligibility is to be notified and information about appeal rights is to be provided. (See [1.5](#) regarding reviews and appeals.)

## 1.4 Applicant Rights and Obligations

### Introduction

This Part details the rights and obligations of an applicant when an AIC Scheme Claim form is submitted.

- [1.4.1](#) Applicant obligations
- [1.4.2](#) Prescribed events
- [1.4.3](#) Correct information
- [1.4.4](#) Privacy
- [1.4.5](#) Confidentiality
- [1.4.6](#) Compliance activities
- [1.4.7](#) Data-Matching Program
- [1.4.8](#) Freedom of Information

### 1.4.1 Applicant obligations

By signing the **Claim**, or accepting a payment, the applicant agrees to:

- take responsibility for the accuracy of the information provided on or in support of the Claim; and
- notify Centrelink within fourteen (14) days if any of the prescribed events (listed in [1.4.2](#)) occur; and
- repay to the Australian Government any overpayment that may arise in respect of the Claim, irrespective of who actually receives the payment (see [1.5.6](#)).

### 1.4.2 Prescribed events

Certain events can affect eligibility of AIC Scheme allowances. The following are prescribed events as defined in the *Student Assistance Regulations 2003*. If any of them occur, the person who is receiving, or entitled to receive, payment must notify **Centrelink** within fourteen (14) days as per the requirement under Section 48 of the *Student Assistance Act 1973*.

#### 1. The **Student**:

- a) does not enrol at the school or distance education course to which the amount relates by the end of the enrolment period; or
- b) does not begin school or the distance education course:
  - i. within the first 2 weeks after the first day on which the course is offered; or
  - ii. on the day on which the Student commences boarding; or
- c) discontinues the education to which the amount relates; or
- d) has his or her enrolment cancelled by the education institution; or
- e) begins to receive a benefit for education or vocational training from the Australian Government or an Australian Government authority; or
- f) begins to receive ABSTUDY, Youth Allowance, sickness allowance or special benefit mentioned in Chapter 2 of the *Social Security Act 1991*; or
- g) begins a full-time apprenticeship or traineeship; or
- h) is taken into lawful **Custody**; or
- i) changes the address of his or her place of residence or permanent home; or
- j) is the subject of a change in foster care arrangements; or
- k) moves from one **parent's** residence to the other parent's residence as a result of the parents' divorce or separation; or
- l) is the subject of a change to the arrangements for travel to and from the **Principal family home** to the school; or
- m) ceases to board away from home, or live in a **Second family home**, while undertaking study; or

- n) ceases to be an Australian citizen, or
  - o) ceases to be an Australian permanent resident under the *Migration Regulations 1994*; or
  - p) ceases to be the holder of a special category visa under the *Migration Act 1958*; or
  - q) ceases to be the holder of a special purpose visa under the *Migration Act 1958*; or
  - r) is the subject of a variation of the amount of boarding costs for which an amount under the AIC Scheme is being claimed; or
  - s) dies.
2. The geographic isolation reason, for which an amount under the AIC Scheme was granted, has ceased to apply.
3. A person:
- a) becomes a Parent of the Student to whom the amount relates; or
  - b) ceases to be the Parent of the Student to whom the amount relates; or
  - c) becomes the **Partner** of the Parent of the Student to whom the amount relates; or
  - d) ceases to be the Partner of the Parent of the Student to whom the amount relates.
4. The Parent of the Student to whom the amount relates:
- a) is taken into lawful Custody; or
  - b) is admitted to a psychiatric institution; or
  - c) ceases to be an Australian citizen; or
  - d) ceases to be an Australian permanent resident under the *Migration Regulations 1994*; or
  - e) ceases to be the holder of a special category visa under the *Migration Act 1958*; or
  - f) ceases to be the holder of a special purpose visa under the *Migration Act 1958*; or
  - g) begins to receive rent assistance under the *Social Security Act 1991* while receiving a second home allowance under the AIC Scheme; or
  - h) earns income that exceeds the last estimate of income given to Centrelink; or
  - i) has a reduction in the number of dependent children for which the Parent is responsible since the AIC Scheme Claim form was lodged, or the last notification of the number of dependent children was given to Centrelink; or
  - j) has a Partner whose income varies from the last assessment of income given to Centrelink.

Failure to notify Centrelink of any occurrence of a prescribed event may contravene section 49(1) of the **Act**, which specifies a penalty of imprisonment of up to 12 months. Additionally, failure to notify may be prosecuted under section 135 of the *Criminal Code*, which carries penalties of five years imprisonment.

### 1.4.3 Correct information

Giving false or misleading information is a serious offence. Applicants who provide false or misleading information in connection with the AIC Scheme may be prosecuted under the *Criminal Code*.

Where an applicant's AIC Scheme Claim is calculated on the basis of details about a **Partner** (for example, income particulars), that Partner can also be prosecuted if he or she provides false or misleading information with the intention of dishonestly obtaining a gain from the Australian Government.

### 1.4.4 Privacy

The **Department** and **Centrelink** are bound by the provisions of the *Privacy Act 1988*. Section 14 of the *Privacy Act 1988* contains the 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 be reasonably ascertained from the information or opinion.

The Department 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 the person at no charge;
- records are accurate, up-to-date, complete and not misleading;
- where a record is found to be inaccurate, the correction is made;
- where the person contends that a record is inaccurate, and it is found to be accurate the details of the request for amendment are noted on the record;
- the personal information is only to be used for the purposes for which it was collected, or for other purposes where expressly allowed by IPP 10;
- personal information is only disclosed in accordance with IPP 11;
- that any collection, storage, security, use or disclosure of Tax File Numbers complies with the Privacy Commissioner's *Tax file Number Guidelines 1992* (copy at <http://www.privacy.gov.au/act/tfn/13>).

### **1.4.5 Confidentiality**

There are provisions within the **Act** that govern the confidentiality of information obtained to administer the Scheme. These provisions prohibit unauthorised access, use and disclosure of, protected information (see subsection 3(1) of the Act for the definition of protected information).

Protected information can only be accessed, used or disclosed in accordance with the Act. Such circumstances may include, but are not limited to:

- where the applicant (or a person authorised by the applicant) has consented to the access, use or disclosure, or
- where the information is obtained, used or disclosed for the purposes of the Act, or for the purposes of other specified Acts relating to child support, or
- where the access, use of is in accordance with Ministerial Guidelines made under the Act, which provide for disclosures that are necessary to be made in the public interest; or
- where the access, use or disclosure is in accordance with the Chief Executive Officer's Instrument that provides for disclosure to other Australian Government Departments or authorities.

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

### **1.4.6 Compliance activities**

Any information given by the applicant may be checked with any person or authority where such advice is relevant to determination of eligibility. This includes, for example, checking school enrolment and study details with State or Territory education authorities and travel details with school transport authorities, Shire councils and bus contractors.

**Centrelink** may contact AIC Scheme applicants during the year to check on any change of circumstances that could affect AIC Scheme payments. Additional special purpose checks are conducted from time to time to investigate specific eligibility and entitlement aspects in more detail.

### **1.4.7 Data-Matching Program**

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

- Australian Taxation Office (ATO);
- Department of Families, Community Services and Indigenous Affairs (FaCSIA);
- Department of Veterans' Affairs (DVA);
- Department of Education, Science and Training (DEST); and
- Department of Health and Ageing (DHA).

### **1.4.8 Freedom of Information**

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

In accordance with the DEST/Centrelink Business Partnership Agreement, Centrelink must, within five working days of receipt, transfer any FOI requests that relate to the AIC Scheme to the Department's Chief Lawyer, Procurement, Assurance and Legal Group.

## 1.5 Reviews and Appeals

### Introduction

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

#### Decisions about eligibility for AIC Scheme allowances

- [1.5.1](#) **Claim** reassessment
- [1.5.2](#) Applicant's right of review of assessment decisions
- [1.5.3](#) Internal review of assessment decisions
- [1.5.4](#) Appeals to the **Parliamentary Secretary** (regarding assessment decisions)
- [1.5.5](#) Appeals to the Social Security Appeals Tribunal (SSAT) and the Administrative Appeals Tribunal (AAT) regarding AIC Scheme eligibility

#### Debt recovery decisions

- [1.5.6](#) Debt recovery following unsuccessful appeal
- [1.5.7](#) Recovery of debt
- [1.5.8](#) Types of debt recovery decisions
- [1.5.9](#) Review of debt recovery decisions
- [1.5.10](#) Appeals to the Federal Court (regarding debt administration)
- [1.5.11](#) Waiver of the right to recover a debt

#### 1.5.1 Claim reassessment

At any time a **Claim** may be reassessed and entitlement recalculated on the basis of additional information or evidence provided to **Centrelink**.

#### 1.5.2 Applicant's right of review of assessment decisions

If an applicant disagrees with a decision about their assessment and believes that the policy for the AIC Scheme may not have been applied correctly, he/she may request an internal review of the decision (see [1.5.3](#)).

The request should be made by the applicant to the Authorised Review Officer in the **Centrelink AIC Processing Centre** where the case was assessed. In addition, such a request may be accepted from an agent where it is clear that he or she is acting on behalf of the applicant.

#### 1.5.3 Internal review of assessment decisions

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

These requirements apply both in the initial decision and on appeal or internal review. In practice, the requirements are satisfied in the initial decision by:

- allowing the applicant to provide all relevant information on the **Claim**;
- providing the applicant with an opportunity to comment, if evidence other than that provided by the applicant is taken into account;
- ensuring that the initial decision-maker forwards to the applicant with the notice of decision information about appeals and/or internal reviews.

For review or appeal decisions, a Review officer will consider the matter and the applicant should be invited to put his/her case in writing. When doing this, the Review officer should be careful to remain unbiased. In particular, communicating a preliminary view to the applicant to assist them focus their case can also show bias. Therefore, preliminary views or draft decisions should not be put out to the applicant for comment.

If a request for an internal review of an assessment decision is made, the Review officer must:

- affirm the decision;
- vary the decision; or
- set the decision aside and substitute a new decision.

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

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

Any notice of a review decision, whether the original decision is affirmed, varied or set aside, must also advise the applicant that he/she may appeal to the **Parliamentary Secretary** responsible for the AIC Scheme in relation to the authorised officer's decision.

If the original decision is varied, any benefit withheld and now payable is to be paid retrospectively from the effective date.

#### **1.5.4 Appeals to the Parliamentary Secretary (regarding assessment decisions)**

If the applicant continues to disagree with a decision after it has been reviewed by a **Review officer**, they (or an agent acting on their behalf) may appeal in writing to the **Parliamentary Secretary** responsible for the AIC Scheme to request that he/she reviews any decision made under the AIC Scheme relating to assessment or eligibility.

The Parliamentary Secretary must consider all relevant circumstances of the appeal, including any new matters raised by the applicant. Relevant factors to be considered include:

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

#### **1.5.5 Appeals to the Social Security Appeals Tribunal (SSAT) and the Administrative Appeals Tribunal (AAT) regarding AIC Scheme eligibility**

A decision of the Parliamentary Secretary relating to eligibility of payment cannot be appealed to SSAT or the 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 [1.5.10](#)).

#### **1.5.6 Debt recovery following unsuccessful appeal**

Where an applicant appeals to the Parliamentary Secretary regarding an assessment decision that resulted in a debt and the appeal is *not* upheld, a review of the debt recovery decision will be undertaken by a **Review officer**.

This means the applicant (or their agent) will not be required to lodge a formal request for an internal review of the debt recovery decision. The outcome of this review will be notified in writing. (See [1.5.8](#) regarding review of debt recovery decisions).

### 1.5.7 Recovery of debt

Where an overpayment arises recovery action may be taken.

AIC Scheme debt recovery decisions are made under the provisions of the **Act**. The power to make decisions pertaining to the recovery of overpayments is delegated by the Chief Executive Officer (CEO) to certain **Centrelink** officers.

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

### 1.5.8 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; and
- waiving the right to recover a debt (see [1.5.10](#)).

The relevant sections of the **Act** are as follows:

- for debt recovery – all of Part 6 (sections 38 to 43F inclusive) and Division 2 of Part 10 (sections 342 to 348 inclusive); and
- for review of decisions – all of Part 9 (sections 302 to 334 inclusive).

### 1.5.9 Review of debt recovery decisions

An applicant (or their agent) who is dissatisfied with a debt recovery decision may apply for an internal review of the decision by the **Centrelink** CEO or his/her delegate.

If the applicant receives an unfavourable decision from the delegate in relation to debt recovery, under section 309 of the Act, they have the right to seek an independent review by the SSAT. The debt recovery decision is not subject to review by the **Parliamentary Secretary**.

Under section 311 of the **Act**, the applicant has 3 months after the day on which the internal review decision was made, to lodge an appeal with the SSAT. If there are special circumstances, Centrelink may allow for a longer period in which the **Claim** can be made.

If the applicant is dissatisfied with the decision of the SSAT, under section 323 of the Act, 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. Brochures for appeal to the SSAT are provided with the review of decision by Centrelink where that review has been unfavourable to the applicant.

### 1.5.10 Appeals to the Federal Court

If the applicant disagrees with a debt recovery decision, the applicant may appeal to the Federal court on a matter of law.

When reviewing the legality of debt administration, the Federal Court can vary, set aside or substitute a new decision.



### 1.5.11 Waiver of the right to recover a debt

The **Department** Secretary (or delegate, see [1.2.6](#)) can waive or write off the Commonwealth's right to recover a debt in whole or in part. This may be via waiver or writing off the debt.

See Part 6, Division 3 of the **Act** for the full list of circumstances. These may include but are not limited to:

- 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 a period of 6 weeks from the first payment that caused the debt, or where the debt was not raised within six weeks of the person notifying Centrelink (as an agent of the Department) of a change in circumstance that affects her/his 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 he or she was 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 the debt;
- waiver of part of a debt in satisfaction of the whole debt;
- under certain conditions where at least 80 per cent of the original debt has been repaid;
- where special circumstances (other than financial hardship alone) make it better to waive 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 deception or non-compliance gave rise to the debt.

## 2 Applicant Eligibility

### 2.1 Who can be the Applicant?

#### Introduction

This Part describes who can apply for assistance and the eligibility criteria he or she must meet in order for AIC Scheme allowances to be payable in respect of a **Student**.

- [2.1.1](#) Who can be an **Approved applicant**?
- [2.1.2](#) Who cannot be an Approved applicant?
- [2.1.3](#) Student lives with **Parent(s)**
- [2.1.4](#) Student lives with one parent
- [2.1.5](#) Student lives with each Parent separately
- [2.1.6](#) Matters to consider where there is a dispute over who should be the Approved applicant
- [2.1.7](#) Only one **Claim** per student may be accepted
- [2.1.8](#) New Claim required when Approved applicant changes
- [2.1.9](#) Applicant who is not a Parent or parent's **Partner**
- [2.1.10](#) Organisations or institutions as Approved applicants
- [2.1.11](#) Determining whether an organisation / institution has full responsibility for a Student
- [2.1.12](#) Claims received from Parent and from organisation / institution

#### 2.1.1 Who can be an Approved applicant?

A **Claim** for the AIC Scheme may be accepted from a person or organisation applying on behalf of a **Student**. However, to be eligible for assistance the applicant must:

- be an **Approved applicant** (detailed below); and
- meet the eligibility criteria set out in [2.2](#); and
- not be in receipt of certain other Australian Government assistance (see [2.3](#)).

Note: the eligibility conditions outlined in Parts [3](#), [4](#) and [5](#) must also be met.

The Approved applicant must be the person having prime (or joint) responsibility for the **Student's** care and support, and be a:

- person having legal guardianship of the Student; or
- natural, adoptive, de facto or step Parent of the Student; or
- person with whom the Student normally lives (when not living away to attend school).

#### 2.1.2 Who cannot be an Approved applicant?

The **Approved applicant** cannot be:

- the **Student**; or
- the Student's **Partner** (married or defacto), or
- a person who is in a prison, correctional centre (including detention, remand and training centres) or psychiatric institution.

#### 2.1.3 Student lives with parent(s)

If a Student normally lives with both parents who are not separated or divorced, either **Parent** may be an **Approved applicant** and either may apply for assistance.

#### **2.1.4 Student lives with one parent**

Where the **Student's** parents are separated or divorced and the Student normally lives with one of them, the **Approved applicant** is the Parent with whom the Student normally lives.

Where the Student does not live with each Parent separately (at different times) the student is automatically taken to be in the care of the Parent with whom they normally live. In addition, the student is taken to be in the care of that parent's Partner where the student normally lives with the Parent and the Partner (regardless of the duration of the relationship). In such circumstances either the Parent or Partner can be the Approved applicant.

#### **2.1.5 Student lives with each Parent separately**

Where the **Student's** parents are separated or divorced and the student lives at different times with each **Parent**, the following factors should be taken into account in determining who the **Approved applicant** is:

- where one Parent is officially recognised as having primary care of the student that Parent is the Approved applicant (for example through the grant of **Custody** to that Parent or through removal of Custody from, or grant of a maintenance order against, the other parent); or
- where there is no such recognition of who has primary care of the student, other evidence outlined in [2.1.6](#) should be considered in determining who is the Approved applicant.

See [6.2.11](#) regarding the treatment of payments made in respect of the student by the Parent who is not the Approved applicant (i.e. maintenance).

#### **2.1.6 Matters to consider where there is a dispute over who should be the Approved applicant**

Where there is no legal recognition of who has care of the **student**, the following factors (not in order of priority) should be considered in determining the **Approved applicant**:

- whether the student normally lives with the **Parent** and has lived with the Parent for the last twelve 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 receives a Family Tax Benefit, holds a Medicare card, or receives other allowances in respect of the student.

In the case of parents sharing care of the student where the student spends an equal amount of time living with each Parent and the turnaround of care of the student is frequent, i.e. on a weekly, fortnightly or monthly basis, the Approved applicant can be either Parent or a parent's **Partner** where the student lives with the Parent and the partner.

#### **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** may be accepted in respect of a student for a particular period.

#### **2.1.8 New Claim required when Approved applicant changes**

If the **Approved applicant** changes, a new **Claim** is required.

### 2.1.9 Applicant who is not a Parent or parent's partner

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 person has prime (or joint) responsibility for the **student's** care; and
- the person supports the student wholly or substantially; and
- the arrangement is bona fide.

A student is not wholly or substantially dependent on another person if the Parent (or parent's partner) is:

- supporting the student in the other person's home; or
- providing financial assistance, directly or indirectly, to that person in respect of the student.

If a **student** has been placed in the care of a foster **Parent** by welfare authorities, then that person is an **Approved applicant** for the purposes of the AIC Scheme. In such cases the student's **Principal family home** is that of the foster parent. To be eligible for assistance the foster parent's Principal family home must therefore meet one of the isolation conditions set out in [Part 4](#).

### 2.1.10 Organisations or institutions as Approved applicants

Where a **student** has a **disability or other health-related condition** for which he or she needs to board continuously in a **Special Institution** (see [4.4.1](#)), the principles outlined above still apply with regard to the person with whom the student would normally live, but for the need to board.

In order to be an **Approved applicant** the organisation/institution must be a **non-government** organisation/institution, not in receipt of a foster care allowance (or other similar allowance intended for the upkeep or personal use of the **student**) with full responsibility for the upkeep of the student (see [2.1.11](#)). The organisation/institution can be eligible for assistance only where:

- the student boards with the organisation/institution during school term and the student meets a geographic isolation rule with regard to access to an appropriate school from the home address of their **parent**;
- the student normally lives (but for the need to board away to access schooling) with the organisation/institution, including during school vacations, and the student meets a geographic isolation rule with regard to access to an appropriate school from the street address of the organisation/institution; or
- the organisation/institution is a **Special Institution** (or operates a Special Institution) at which the student is a full-time resident because of the nature and extent of a disability or other health-related condition (see [4.4.1](#)).

In such cases the **Claim** must be signed by the chief officer (or other officer with the power to act on behalf of the organisation/institution - for example the principal, manager, executive officer or director). By signing the Claim the officer accepts, on behalf of the organisation/institution, obligations as set out in [1.4.1](#) (including responsibility for any overpayment that may arise in respect of the Claim).

Where an organisation/institution is accepted as an Approved applicant the income-test for Additional Boarding Allowance may be waived (see [6.1.1](#)).

Note: Where a student lives with an organisation or in an institution with their parent(s), the Parent is the Approved applicant and the organisation/institution's premises are considered the student's home.

### 2.1.11 Determining whether an organisation / institution has full responsibility for a student

An organisation or institution can be approved as an applicant only where it is clear that the organisation or institution provides care for the **student** without any contribution from a **parent**.

If the student has been formally placed in the care of the organisation or institution by a State/Territory authority or the court, the organisation may be accepted as the **Approved applicant**. However, if the Approved applicant is receiving a foster care allowance (or similar allowance intended for the upkeep of the student) for a student in full-time residential care, even the Basic Boarding Allowance is not payable as it would duplicate the State/Territory allowance (see [5.2.3](#)).

For other cases it must be clearly demonstrated by the organisation/institution that the parent(s) are not involved in making decisions regarding care of the student, do not provide financial support for the student, and either:

- unsuccessful attempts have been made to locate the parent(s); or
- the parent(s) have been asked to complete a **Claim** for the student but have been unwilling to do so (that is, have refused to accept responsibility for supporting the student).

See [2.1.12](#) regarding situations where Claims are received from a Parent and from an organisation/institution.

Note: It is recognised that some parents require considerable help to fill in the Claim. However, where a Parent makes decisions regarding the students care (for example, choosing to enrol them in a particular organisation/institution) and/or contributes to the student's upkeep (even if this is only to the extent of AIC Scheme entitlement) they should be the person to apply for assistance (i.e. the applicant).

### 2.1.12 Claims received from Parent and from organisation / institution

In the event that a **Claim** is received both from a **Parent** and from an organisation/institution that claims to have full responsibility for the upkeep of the same **student**:

- if AIC Scheme payments are waived to the organisation/institution where the student normally lives, then the Parent should be accepted as the **Approved applicant**. That is, if the Parent waives the AIC Scheme allowance to the organisation/institution, this is an indication that the Parent is contributing to the student's financial upkeep (see [2.1.11](#)); or
- if AIC Scheme payments are not waived to the organisation/institution, the Parent should be asked to comment on the claim that they do not provide support (particularly financial) for the student. If the Parent cannot demonstrate that they provide financial support for the student consideration may be given to accepting the organisation/institution as the Approved applicant (see [2.1.10](#) and [2.1.11](#)).

## 2.2 Residence Requirements for Approved Applicants

### Introduction

This Part outlines the residency requirements which need to be met by Approved applicants.

- [2.2.1](#) Citizenship or permanent residency
- [2.2.2](#) New Zealand citizens
- [2.2.3](#) Indicators that applicant is not **Permanently Settled**
- [2.2.4](#) Applicant must normally live in **Australia**

#### 2.2.1 Citizenship or permanent residency

To be eligible for assistance an **Approved applicant** for the AIC Scheme must normally live in **Australia** (see [2.2.4](#)) and be:

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

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

#### 2.2.2 New Zealand citizens

An applicant who is a New Zealand citizen can be eligible for the AIC Scheme if he or she is **Permanently Settled** in **Australia** and he or she has lived:

- continuously in Australia for 6 months or more; or
- 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.

Note: The changes to the Trans Tasman social security arrangements of 26 February 2001 do not affect New Zealand Citizens' eligibility for the AIC Scheme.

#### 2.2.3 Indicators that applicant is not Permanently Settled

The applicant should not normally be considered **Permanently Settled** in **Australia** if they have a **Partner** or dependent children living in New Zealand.

Such an applicant can be considered Permanently Settled in Australia if he or she can show that the **Family** will be moving to Australia within six months or, alternatively, the applicant is permanently estranged from the former Partner or children.

#### 2.2.4 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 is not disqualified from receiving benefits for an **Eligible student** who is studying in Australia, provided:

- the applicant is an Australian citizen or permanent resident of Australia as defined in [2.2.1](#);
- he or she normally lives full-time in Australia; and
- there is evidence their absence is temporary (for example, 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).

## 2.3 The effect of other Australian Government Assistance on an Applicant's eligibility

Where an applicant or an applicant's Partner receives other Australian Government assistance it may impact on AIC Scheme eligibility.

### Introduction

This Part outlines the effect of other Australian Government assistance on AIC Scheme allowances.

- [2.3.1](#) Australian Government payments that do not affect eligibility
- [2.3.2](#) Other Australian Government assistance affecting level of entitlement
- [2.3.3](#) Australian Government payments which exclude eligibility to the AIC Scheme

### 2.3.1 Australian Government payments that do not affect eligibility

AIC Scheme eligibility and entitlement is not affected where the applicant or their **Partner** receives Family Tax Benefit, Carer Allowance or Double Orphan Pension for the **student** (or any other dependant).

### 2.3.2 Other Australian Government assistance affecting level of entitlement

Where the applicant or **Partner** receives an income tested Australian Government pension, payment, benefit or allowance, the parental income test may be waived for the purposes of calculating the rate of Additional Boarding Allowance payable (see [6.4](#)).

Note: where an applicant is a foster carer applying on behalf of a student in an official foster care arrangement, they may qualify for Additional Boarding Allowance only where they are not in receipt of a foster care allowance (or other similar allowance) from a State/Territory government authority (see [5.2.6](#)).

### 2.3.3 Australian Government payments which exclude eligibility to the AIC Scheme

No person can receive more than one form of Australian Government assistance for the same purpose.

As a result, where the applicant or their **Partner** is receiving other Australian Government education or training assistance on behalf of the **student**, AIC Scheme allowances are not payable (see [3.5](#)).

Eligibility for certain AIC Scheme allowances may also be affected where an applicant or Partner receives other Australian Government assistance for the purpose of purchasing the same service or item. For example, Second Home Allowance is not payable in respect of a home for which Rent Assistance is provided by the Australian Government is received (see [5.3.3](#)).

AIC Scheme Second Home Allowance is also not payable from the date on which an AIC Scheme applicant or their Partner receives payment under the First Home Owners Grant for the same property (see [5.3.3](#)).



## 2.4 Death of Approved Applicant

### Introduction

This Part outlines the process for dealing with the death of an Approved applicant.

- [2.4.1](#) Where there is more than one **Approved applicant**
- [2.4.2](#) Where there is only one Approved applicant
- [2.4.3](#) Payments due in the event of the Approved applicant's death

#### 2.4.1 Where there is more than one Approved applicant

Where there is more than one possible **Approved applicant** with whom the **student** lives (eg both **parents**) and the one who applied for benefits dies, the other automatically becomes the person entitled to receive any remaining entitlements for the year (see [2.1.8](#) regarding the need for a new form).

#### 2.4.2 Where there is only one Approved applicant

If there is only one **Approved applicant** with whom the **student** lives (for example, a sole **parent**) and that applicant dies, the question of continuing eligibility for the student and the ongoing payment of benefits for the remainder of the year should be examined in the light of who now has responsibility for the student and what now constitutes the **Principal family home**. Also see [4.4.4](#) regarding continuity.

#### 2.4.3 Payments due in the event of the Approved applicant's death

If, in the circumstances described in [2.4.2](#), the **Approved applicant** dies after receiving a term instalment in advance, that instalment stands as the correct payment for the term. No attempt should be made to recover any part of the payment from the applicant's estate. Also see [4.4.4](#) regarding continuity.

Any entitlement due to a person who may assume responsibility for the **student** after the applicant's death commences at the beginning of the following term.

If, in the circumstances described in [2.4.2](#), the Approved applicant dies after receiving a fortnightly in arrears payment then the payment made immediately after (that is, up to 14 days following) the applicant's death stands as the correct payment due to that applicant.

Any entitlement due to a person who may assume responsibility for the student after the applicant's death commences at the beginning of the pay period immediately following the original applicant's death.

## 3 Student Eligibility

### 3.1 Overview of student eligibility conditions

For AIC Scheme allowances to be payable in respect of a **student** he or she must comply with the following general eligibility conditions:

- be an Australian citizen or a permanent resident of **Australia** 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 in receipt of certain other Australian Government assistance (see [3.5](#)); and
- not be in a custodial institution or certain State authorised care situations (see [3.6](#)).

In addition the student must meet one of the isolation conditions set out in Part 4 and qualify for an allowance as set out in Part 5.

Rules associated with the **Period of eligibility** for a student are set down in [3.7](#).

## 3.2 Citizenship or Residency

### Introduction

This Part outlines the citizenship and residency requirements for **students** to be eligible to receive AIC Scheme allowances.

- [3.2.1](#) Citizenship or residency
- [3.2.2](#) New Zealand citizens
- [3.2.3](#) **Student** must live in **Australia** during the period of study
- [3.2.4](#) International student exchange

### 3.2.1 Citizenship or residency

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

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

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 Citizens

A **student** who is a New Zealand citizen can be eligible for the AIC Scheme if he or she is **Permanently Settled** (see [3.2.3](#)) in **Australia** and he or she has lived:

- continuously in Australia for 6 months or more; or
- 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.

Note: The changes to the Trans Tasman social security arrangements of 26 February 2001 do not affect New Zealand Citizens' eligibility for the AIC Scheme.

### 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.

That is, AIC Scheme allowances should not be paid in respect of a student who is living and/or studying overseas, except where the student is participating in a student exchange as described in [3.2.4](#).

### 3.2.4 International student exchange

Applicants can continue receiving AIC Scheme allowances for their child who is participating in an international **student** exchange on condition that:

- the student remains enrolled at an **Australian** education institution and the overseas study is credited to their Australian studies (i.e. if a student is paid AIC Scheme allowances while undertaking study overseas but then needs to repeat all or part of that study on return to **Australia**, then AIC Scheme allowances are not applicable for the period of study overseas which does not count towards their Australian studies); and
- the student is continuing to incur in Australia the costs for which the AIC Scheme allowance is being paid (i.e. the Australian boarding school is still charging the full boarding fees while the student is on exchange); and
- all other AIC Scheme eligibility criteria continue to apply.

## 3.3 Age Limits

### Introduction

This Part outlines the age limit requirements which need to be met in order for a **student** to be eligible for the AIC Scheme.

- [3.3.1](#) Age limits
- [3.3.2](#) Extension to age limit

### 3.3.1 Age limits

Generally AIC Scheme allowances can only be paid in respect of **students** who:

- have reached the minimum primary school entry age; and
- are primary, secondary or ungraded level students (see [3.4.5](#)) under 19 years of age on 1 January of the year of study; or
- are tertiary level students (see [3.4.5](#)) and under either the minimum age that the state or territory requires them to participate in education or 16 years of age, whichever is the greater.

Students are normally eligible for the AIC Scheme only if they have reached the minimum primary school entry age for the State or Territory in which they will be attending school. However, a child may be eligible for an allowance from the age of 3 years and 6 months if he or she has a **disability or other health-related condition** that requires him or her to live away from the **Principal family home** (see [4.3](#)).

The first year of primary schooling is known by various names in different States, but always equates to a five day per week or fulltime program. The first year of primary school is known as (as per **Attachment A**):

- Kindergarten (NSW, ACT)
- Preparatory (VIC, TAS, QLD)
- Reception (SA)
- Transition (NT)
- Pre-primary (WA)

AIC Scheme allowances are not payable for children before they enter one of the programs as listed above. That is, AIC Scheme allowances are not payable for children attending institutions outside the mainstream primary system such as pre-schools (a term commonly used in NSW, VIC, QLD, SA, NT and the ACT), kindergartens (a term commonly used in VIC, QLD, WA, SA, and TAS), crèches and other child care centres.

If the child is not yet 5 years old, the assessor must be satisfied that the student attends a primary school rather than a child care centre.

Concessions to the maximum age rules are detailed in [3.3.2](#)

### 3.3.2 Extension to age limit

The maximum age limit for **primary, secondary and ungraded level students** specified in [3.3.1](#) may be extended by 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.

Examples of special circumstances include:

- illness;
- English language difficulties;
- transfer from a different education system; or
- periods of employment or training.

Any special circumstances that have delayed a student's progress should be considered sympathetically. A table depicting primary and secondary school structure by State and Territory indicates progressions of students through different systems, at **Attachment A**.

A student who receives a Disability Support Pension or Parenting Payment (single) and is studying full-time at primary or equivalent ungraded level (see [3.4.5](#)) may receive the Pensioner Education Supplement (PES) under the AIC Scheme until they turn 21 (see [5.5](#)).

## 3.4 Approved Studies

### Introduction

This Part outlines the level, load and type of approved studies a **student** must be undertaking in order to be eligible for the AIC Scheme.

- [3.4.1](#) Approved studies
- [3.4.2](#) Full-time study load
- [3.4.3](#) Approved institution
- [3.4.4](#) Approved course
- [3.4.5](#) Approved level of study
- [3.4.6](#) Previous studies

### 3.4.1 Approved studies

To be eligible for assistance a **student** must be enrolled in and undertaking a full-time study load (see [3.4.2](#)), offered by an approved institution (see [3.4.3](#)), in an approved course (see [3.4.4](#)), at an approved level of study (see [3.4.5](#)).

### 3.4.2 Full-time study load

A full-time study load is the amount of work the school, institution or State or Territory education authority (in the case of home schooling) regards as a full-time amount for the **student**. This includes where a school allows a student with a **disability or other health-related condition** to carry a study load that is less than that undertaken by other students at the same level (see Example 2 under [4.3.7](#)).

In the event that a student's right to attend a school has been temporarily withdrawn as a result of disciplinary matters, they will be deemed to be undertaking the same study load as would occur if they were otherwise able to attend school. However, should a student's conduct result in cessation of enrolment from the school that they were attending, the student will be deemed to have ceased studies from the date that this cessation occurs.

### 3.4.3 Approved institution

For the purposes of [3.4.1](#) an approved institution is an institution in **Australia** *excluding Norfolk Island*, that is:

- **Institution type (a)**: a state school, including a distance education centre; or
- **Institution type (b)**: a non-state school that is not conducted for profit. The school must be recognised by the **Minister** responsible for education in the relevant State/Territory. This 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**; or
- **Institution type (c)**: a technical and further education institution or higher education institution (as defined in the **Act** ); or
- **Institution type (d)**: a government residential institution or non-residential **Special School** that caters for children with disabilities or psychological, emotional or behavioural problems; or
- **Institution type (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 and/or education authorities; or

- **Institution type (f):** a non-government (private) tertiary institution that offers a course accredited by the relevant State/Territory government authority, and meets the requirements of the determination of courses approved by the Minister under Section 5D of the Act.

**Students** undertaking a course described in [3.4.4\(e\)](#) may be deemed to be enrolled in an approved institution.

### 3.4.4 Approved course

For the purposes of [3.4.1](#), an approved course is:

- a full-time primary or secondary level course (see [3.4.5](#)) involving daily attendance at an approved institution (see [3.4.3](#));
- a full-time primary or secondary level (see [3.4.5](#)) distance education course offered by an approved institution of the type at [3.4.3 \(a\)](#), or of the type at [3.4.3 \(b\)](#), provided that the course is accepted by the relevant State/Territory education authorities as a satisfactory alternative to full-time daily attendance at school;
- a full-time primary or secondary level course of home tuition that has been approved formally by the relevant State/Territory education authority as being a satisfactory alternative to a State provided education;
- any other full-time secondary course at an approved institution (see [3.4.3](#)), 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**;
- a full-time tertiary course offered by an approved institution (see [3.4.3 \(c\) 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, in the case of a **student** at an approved institution specified in [3.4.3 \(d\) or \(e\)](#), any form of approved full-time study below tertiary level (including ungraded studies).

### 3.4.5 Approved level of study

For the purposes of [3.4.1](#), an approved level of study is primary, secondary, tertiary or ungraded as defined below:

- primary level study is study in an approved course at a level that is recognised by the State/Territory education authorities as primary level (see [3.3.1](#) for clarification of the primary school entry level);
- secondary level study is study in an approved course of the type at [3.4.4 \(d\)](#) or in an approved course that is recognised by the State or Territory education authorities as secondary level;
- tertiary level study is study in an approved course of the type at [3.4.4 \(e\)](#) or in an approved course that is recognised by the authority responsible for the accreditation of higher education courses or the authority responsible for the accreditation of vocational education and training courses in the State or Territory in which the course is conducted; and
- ungraded level study is study in an approved course at an institution described in [3.4.3\(d\)](#) or [3.4.3\(e\)](#) that is recognised as ungraded (including ‘living skills’) by the State/Territory education or health authorities.

**Students** undertaking concurrent study at both a senior secondary institution and an accredited TAFE institution are considered to be **secondary students** for the AIC Scheme (under Youth Allowance such students may be considered to be **tertiary students**).

Preschool students (see [3.3.1](#)) are generally not eligible for AIC Scheme allowances. A concession is available for students with a Disability or other health related condition who are required to live away from home, because of their condition (see [3.3.1](#)).



### 3.4.6 Previous studies

Previous study at primary, secondary or tertiary (including TAFE) level does not effect eligibility for the AIC Scheme in respect of a **student**.

## 3.5 The effect of other Australian Government Assistance on student eligibility

### Introduction

This Part outlines the effect of a **student's** receipt of other Australian Government assistance on AIC Scheme allowances.

- [3.5.1](#) Payments which exclude eligibility for the AIC Scheme
- [3.5.2](#) Australian Government payments which do not exclude eligibility for the AIC Scheme
- [3.5.3](#) Other education or training assistance
- [3.5.4](#) Choice between the AIC Scheme, Youth Allowance or ABSTUDY

### 3.5.1 Payments which exclude eligibility for the AIC Scheme

AIC Scheme allowances are not payable in respect of a **student** if they are receiving (or another person [eg a **parent**], is receiving on their behalf) other Australian Government education or training assistance, or income support. Types of this assistance include (but are not limited to):

- Youth Allowance;
- ABSTUDY;
- New Apprenticeships;
- Rehabilitation Training Scheme Awards;
- Veterans' Children Education Scheme (VCES);
- Department of Defence Special Education Assistance (for staff at Woomera and Exmouth); and
- Exceptional Circumstances Relief Payment.

### 3.5.2 Australian Government payments which do not exclude eligibility for the AIC Scheme

Certain Australian Government payments do not restrict eligibility for the AIC Scheme. A **Family** receiving AIC Scheme allowances (except the PES) for a **student** may also receive certain social security payments such as:

- Family Tax Benefit;
- Carer Allowance; and
- Double Orphan Pension;
- in respect of the same student.

Students who are also in receipt of Disability Support Pension or Parenting Payment (Single) may also receive the Pensioner Education Supplement under the AIC Scheme concurrently. Details of other eligibility requirements and benefits are detailed in [5.5](#).

### 3.5.3 Other education or training assistance

Assistance provided by other sources other than Australian Government education or training assistance does not affect AIC Scheme eligibility, for example, State and Territory education and training assistance.

### 3.5.4 Choice between the AIC Scheme, Youth Allowance or ABSTUDY

**Secondary students** 16 years of age or over may be eligible for Youth Allowance. Also, certain Indigenous **primary** and secondary students may be eligible for ABSTUDY if they are aged 14 or over from 1 January of the year of study.

Students and their **families** may choose to receive Youth Allowance, ABSTUDY or the AIC Scheme, but cannot receive more than one of these payments concurrently for the same student.

In the event that a student is eligible for Youth Allowance (or ABSTUDY) and the AIC Scheme at the same time, it is the sole responsibility of the **Applicant** and Student to choose the payment or program that best meets their needs. It should be noted however, that the Family of a student may receive AIC Scheme allowances and the Family Tax Benefit in respect of the same student. In addition, certain State and Territory governments also provide assistance to isolated students that is tied to eligibility for the AIC Scheme, but eligibility for the AIC Scheme is not affected by the receipt of those State or Territory allowances.

## 3.6 Students in Lawful Custody or State Authorised Care

### Introduction

This Part outlines the processes and requirements for payment of AIC Scheme allowances in respect of a student in lawful Custody or State Authorised Care.

- [3.6.1](#) **Students** in lawful **Custody**
- [3.6.2](#) Eligibility for students in **State Authorised Care**

### 3.6.1 Students in lawful Custody

AIC Scheme allowances are not payable in respect of a **student** who is in a custodial institution such as a prison, remand centre or training school for the period of their Custody.

### 3.6.2 Eligibility for students in State Authorised Care

AIC Scheme allowances are not payable in respect of a **student** who is in **State Authorised Care** and whose permanent accommodation is financed wholly or substantially by a State or Territory government.

However, AIC Scheme allowances may be payable in respect of a student in State Authorised Care arrangements such as in the care of a foster **Parent** (see [2.1.9](#)).

See [2.1.10](#) regarding the **Approved applicant** where a student has been placed in foster care by the State/Territory welfare authorities with an organisation/institution, and [5.2.6](#) regarding the applicable level of Boarding Allowance entitlement in such circumstances.

## 3.7 Period of Eligibility

### Introduction

This Part outlines the period of student eligibility under the AIC Scheme.

- [3.7.1](#) **Short-term boarders**
- [3.7.2](#) Eligibility commences on 1 January
- [3.7.3](#) Eligibility commences after 1 January
- [3.7.4](#) Concession for late start
- [3.7.5](#) Eligibility for any vacation during the year
- [3.7.6](#) Allowance type changes
- [3.7.7](#) Cessation of eligibility
- [3.7.8](#) Term in advance payments
- [3.7.9](#) Discontinuation date for **students** studying by distance education methods

### 3.7.1 Short-term boarders

**Short-term boarders** are **students** who need access to (including short-term accommodation at or near) a school, special programme, special facilities or a special environment for one or a series of short periods.

Provided all other eligibility criteria are met, these students are eligible from the date on which they commence boarding until the date on which they cease to board.

### 3.7.2 Eligibility commences on 1 January

Except in the case of **Short-term boarders** (see [3.7.1](#)) eligibility in respect of a **student** will normally commence on 1 January, provided that:

- (subject to [3.7.4](#)) the student commences the approved course no later than the 14th day from the commencement of the **School year**; and
- (for students living away from home) the student commences living at the boarding accommodation or second home location no later than fourteen days after the commencement of the School year; and
- all other necessary AIC Scheme eligibility conditions are met on that date (see [3.1](#)).

### 3.7.3 Eligibility commences after 1 January

Except in the case of **Short-term boarders** (see [3.7.1](#)), eligibility for **students** who are not eligible from 1 January commences on:

- the first day of the relevant term/semester, if the student is otherwise eligible on this date and commences the approved course by no later than the 14th day after the commencement of the relevant term/semester (subject to [3.7.4](#)); or
- where this is not the case and no extenuating circumstances exist the latter of:
  - the first day the student commences living away from home (if the student is boarding away or living in a second home to access schooling); or
  - the first day the student commences studying; or
  - the first day the student otherwise becomes eligible for the AIC Scheme.

### 3.7.4 Concession for late start

Eligibility in respect of a **student** who starts studying and/or living away late (as defined in [3.7.2](#) and [3.7.3](#)), may be backdated to 1 January or the beginning of the relevant term (as applicable), if the student:

- was prevented from commencing or resuming study and/or living away from home on time due to illness or **Circumstances beyond the family's control**; and
- started studying and/or living away from home as soon as possible after those circumstances ceased to exist.

### 3.7.5 Eligibility for any vacation during the year

Except in the case of **Short-term boarders** (see [3.7.1](#)), once eligibility for a **student** has commenced, the eligibility for any vacation during the year is determined as follows:

- the student may be eligible to receive benefits for the vacation period if the student resumes study no later than the 14th day from the commencement of the following term, or was prevented from doing so due to Circumstances beyond the family's control; or
- the student will not be eligible for the vacation period if the student resumes study after the 14th day from the commencement of the following term, (due to Circumstances within the family's control).

### 3.7.6 Allowance type changes

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.

### 3.7.7 Cessation of eligibility

Except in the case of **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 will be entitled to payment until 31 December of that year; or
- if the student discontinues on a day before the end of the final term - on that day (see [3.7.9](#) regarding distance education students).

### 3.7.8 Term in advance payments

If a **student** for whom payment is made in advance by term instalments (see [5.1.5](#)), 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 does not terminate until the end of the instalment period (see [5.1.8](#) and [5.1.9](#)).

#### **Example**

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.

### 3.7.9 Discontinuation date for students studying by distance education methods

To determine the discontinuation date for **students** studying by distance education methods, the following guidelines should be followed:

- at each enrolment/attendance check, the institution should be asked to indicate whether the student has returned assignments at a satisfactory (full-time) rate, i.e. as a guide, whether the student has returned at least 75% of the assignments that they should have returned. Where the institution indicates that a student's return rate fell below this level with effect from a particular date, they are regarded as having discontinued on that date; and
- if the institution indicates that a student has fallen below the full-time (see [3.4.2](#)) level in a term but cannot specify a precise date, the discontinuation date should be determined as the best possible approximation of the student's last day of full-time study. This should be no later than the end of that term. All reasonable attempts should be made to identify a specific date on which the student ceased full-time study.

## 3.8 Death of Student

### 3.8.1 Payments in the event of the student's death

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

If an **Approved applicant** has received an advance payment for a period (eg a term instalment) in respect of a student who subsequently dies, that instalment stands as the correct payment for the term.

No attempt should be made to recover any part of the payment from the applicant.

If an applicant has received a fortnight in arrears payment in respect of a student who subsequently dies then the fortnightly in arrears payment made fourteen days following the student's death stands as the correct payment due to the applicant.



## 4 Isolation Conditions

### 4.1 Isolation Conditions - Summary and Definitions

#### Introduction

AIC Scheme allowances may be available to the families of **students** who do not have reasonable daily access to an **Appropriate state school**. This section details the isolation condition which must be met by the student in order to be eligible for the AIC Scheme.

- [4.1.1](#) Reasonable daily access
- [4.1.2](#) Nearest **Appropriate state school**
- [4.1.3](#) Nearest Appropriate state school - several schools within 56 kilometres
- [4.1.4](#) Nearest Appropriate state school - **tertiary student**
- [4.1.5](#) Nearest Appropriate state school - **Principal family home** near border
- [4.1.6](#) Limited programme school

#### 4.1.1 Reasonable daily access

Reasonable daily access is determined by the student's proximity and ability to access their nearest **Appropriate state school**. The guidelines under which a **student's** home may be regarded as geographically isolated from a school are described in [4.2](#). The guidelines under which a student may also be regarded as not having reasonable daily access to school without meeting a geographic isolation rule are described in [4.4](#).

#### 4.1.2 Nearest Appropriate state school

The nearest **Appropriate state school** is normally the state school which is the shortest distance from the **Principal family home** by accepted travel routes and is appropriate for the student's level of education. In instances where the nearest Appropriate state school is identified by education authorities as a "selective," or "specialist" school, that school is not considered the nearest Appropriate state school unless it is the school the student is attending.

See [4.1.3](#) - [4.1.5](#) for other exceptional definitions of nearest Appropriate state school.

#### 4.1.3 Nearest Appropriate state school - 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 [4.2.4](#)).

#### Example

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, the nearest Appropriate state school for AIC Scheme purposes is School B. Therefore Bruce is not geographically isolated from School B under the requirements of Rule 2 (see [4.2.1](#)).

#### 4.1.4 Nearest Appropriate state school - 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.

#### 4.1.5 Nearest Appropriate state school - Principal family home near border

Where the **Principal family home** is near the border of an adjacent State/Territory:

- and the **student** attends a school in the home State/Territory, the nearest **Appropriate state school** is regarded as the school meeting the definition set out in [4.1.2](#) in the same State/Territory as the Principal family home (even if there is a closer school in the adjacent State/Territory); or
- the student attends a school in another State/Territory, the nearest Appropriate state school is regarded as the school meeting the definition set out in [4.1.2](#) in either the home State/Territory or the adjacent State/Territory.

#### 4.1.6 Limited programme school

The Australian Government relies on the education authorities in each State/Territory to provide an annual list of schools identified as limited programme schools.

A primary or secondary school which is listed as a limited programme school by the State/Territory education authority is *not* an **Appropriate state school** for a **student** who is able to enrol at a level that is not available at that school.

For the purpose of the AIC Scheme, limited programme schools 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 which:
  - do not offer a full range of years or grades; or
  - do not provide adequate facilities or programmes to enable a student to gain a Year 12 certificate or tertiary entrance score; or
  - have a syllabus and teaching arrangements that are specifically geared to cater for the needs of Aboriginal or Torres Strait Islander students.

## 4.2 Geographic Isolation Rules

### Introduction

This Part outlines the geographic isolation conditions which must be met by the student in order to be eligible for the AIC Scheme.

- [4.2.1](#) Summary of geographic isolation rules
- [4.2.2](#) Evidence requirements for geographic isolation
- [4.2.3](#) Rule 1 and Rule 2 - Measuring distance to school
- [4.2.4](#) Rule 1 and 2 - Nearest available transport service
- [4.2.5](#) Rule 3 - **Student** does not have reasonable access to school
- [4.2.6](#) Rule 3 - Measuring travel time
- [4.2.7](#) Rule 3 - Conditions affecting access to school
- [4.2.8](#) Rule 3 - Alternating transport services
- [4.2.9](#) Rule 3 - Circumstances beyond the family's control
- [4.2.10](#) Rule 3 - Evidence student does not have reasonable access to school
- [4.2.11](#) Rule 3 – Special weather conditions and likelihood of school absence
- [4.2.12](#) Rule 3 - Impassable roads – evidence that attendance is **likely** to be adversely affected
- [4.2.13](#) Rule 3 - Continuation of an AIC Scheme Allowance
- [4.2.14](#) Rule 3 - Change in circumstances during the year
- [4.2.15](#) Rule 3 - Evidence of non-access to private transport
- [4.2.16](#) Rule 3 - Conditions in year of assistance concession

### 4.2.1 Summary of geographic isolation rules

A **student** may be regarded as geographically isolated from appropriate schooling if one of the following guidelines are met:

#### Rule 1

The distance between the **Principal family home** and the nearest **Appropriate state school** is at least 56 kilometres via the shortest practicable route; *or*

#### Rule 2

The distance between the Principal family home and the nearest Appropriate state school (via the shortest practicable route) is at least 16 kilometres AND the distance between the Principal family home and the nearest available transport service to the nearest Appropriate state school is at least 4.5 kilometres via the shortest practicable route; *or*

#### Rule 3

The student does not have reasonable access to an Appropriate state school for at least 20 days of the **School year** because of adverse travel conditions (eg impassable roads) or **Circumstances beyond the family's control**.

### 4.2.2 Evidence requirements for geographic isolation

A **Claim** on the basis of Rule 1 or Rule 2 does not have to be supported by evidence to confirm geographic isolation, however, in the event that eligibility under the distance criteria is marginal, **Centrelink** may request an applicant to provide additional supporting evidence or may independently verify the information at any time.

A Claim on the basis of Rule 3 must be supported by evidence that substantiates the existence of adverse travel conditions (i.e. impassable roads) or **other Circumstances beyond the family's control** and the effect these conditions or circumstances have on the **student's** ability to access school (see [4.2.5](#)). **Centrelink** may request an applicant to provide additional supporting evidence or may independently verify the information at any time.

#### **4.2.3 Rule 1 and Rule 2 - Measuring distance to school**

Where a transport service does not exist (and cannot be made available), the distance from the **Principal family home** and the nearest **Appropriate state school** is measured from the front door of the home to the school via the shortest practicable route, that is at least 16 kilometres (see [4.2.1](#), Rule 2).

For the purpose of Rule 1, where the shortest practicable route is less than 56 kilometres and where a transport service is or would be made available, the distance from the Principal family home to the nearest Appropriate state school is:

- the distance from the Principal family home to the nearest available transport service measured via the shortest practicable route, plus the distance from the nearest available transport service to the school by the route used by the transport service (or connecting services).

For the purpose of Rule 2, the distance from the home to the school is:

- the distance from the Principal family home to the nearest available transport service measured via the shortest practicable route; plus
- the distance from the nearest available transport service to the school by the route used by the transport service (or connecting services).

In cases where the morning and afternoon transport services differ in length, the average of the two should be taken.

#### **4.2.4 Rule 1 and 2 - 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 proceeding to or connecting with other transport going to an **Appropriate state school**. This includes a pick-up point that would be made available by the State/Territory school transport authority (or its local contractor) if transport to a local school were to be requested by the **Family**.

#### **4.2.5 Rule 3 - Student does not have reasonable access to school**

A **student** does not have reasonable access to an **Appropriate state school** if, for at least 20 days of the **School year**:

- the **student** cannot get to school; or
- the travel time for the return journey to school is at least 3 hours (see [4.2.7](#)); or
- the route the student must travel meets the distance requirements set down in Rule 1 and Rule 2 (see [4.2.1](#)).

#### **4.2.6 Rule 3 - Measuring travel time**

For the purposes of [4.2.5](#), the time taken to travel from the **Principal family home** to the school must be based on:

- public transport routes and timetables where travel is by public transport; and/or
- the shortest practicable route in the circumstances where travel is by private transport.

In measuring travel time, the following speeds and/or times are to be applied:

- In cases where travel is by private road transport, the legal speed limit less 10 kilometres per hour; or where no speed limit is applicable, a speed limit of 40 kilometres per hour; and/or
- In cases where travel must be by private water transport, the legal speed limit, or where no speed limit applies, a speed limit of 4 knots (whichever is the lessor); and/or
- In cases where travel to school by public transport, timetabled travel times are to be used; and/or
- A walking speed of 2.5 kilometres per hour if the **student** is required to walk to the pickup point; and/or
- An additional 10 minutes waiting time shall apply for the student if he/she is required to wait at a pickup point prior to the commencement of each leg of the journey.

Measurement of travel time shall cease when the student reaches their final destination (i.e. the school or the Principal family home, whichever is applicable).

Where travel times vary see [4.2.8](#).

#### **4.2.7 Rule 3 - Conditions affecting access to school**

Examples of adverse travel conditions or **Circumstances beyond the family's control** that may be approved under this guideline include:

- impassable roads due to special weather conditions (see [4.2.12](#)); or
- the applicant and (if applicable) his/her **Partner** do not have access to a vehicle or are medically unfit or legally unable to drive a vehicle (see [4.2.15](#)); or
- alternating transport services (see [4.2.8](#)); or
- other unusual circumstances of isolation (eg **student** lives on an island which is not serviced by regular public transport).

The circumstances under which this guideline may be applied are not limited to the events listed above. **Circumstances beyond the family's control** may be approved, provided they are supported by independent evidence that clearly establishes the condition. Information about the form of evidence required for the first example above is at [4.2.11](#) and [4.2.12](#).

#### **4.2.8 Rule 3 - Alternating transport services**

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

In cases where the route of the morning and afternoon transport services differs in length, the two will be averaged.

#### **4.2.9 Rule 3 - Circumstances beyond the family's control**

To meet Rule 3, the circumstances that prevent the **student** having reasonable access to school must be **Circumstances beyond the family's control**. A student should not be considered geographically isolated if the family's lifestyle choices or commitments or domestic behaviours make it *inconvenient or difficult* (rather than not feasible) to transport the student to school or where the Family chooses not to use the local school for reasons outside these guidelines.

This concession is not available in cases 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).
- the inability to access a private vehicle due to an applicant or Partner being medically unfit or unable to drive unless supported by medical or court documentation ([4.2.15](#))

For example, an AIC Scheme Claim should not be approved where a **Parent** travels daily to and from work, at times which do not necessarily coincide with the school start/finish times, or where a parent’s job involves shift work and child care arrangements need to be made.

### **Example**

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

#### **4.2.10 Rule 3 - Evidence student does not have reasonable access to school**

To establish that a **student** does not have reasonable access to a local school, the **Approved applicant** needs to demonstrate that the student’s attendance at school, travel time or travel distance would actually be affected (were it not for the circumstance that the student boards away from home, lives in a second home or studies by distance education methods) on at least 20 school term days a year.

Where possible, evidence of the impact on attendance should be in the form of a statement, certified by the school principal, showing the dates of the **student’s** absences from the school in 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 this information is not available, the evidence presented to verify the adverse travel conditions or other circumstance must also provide sufficient detail to demonstrate the actual impact the conditions or circumstance has/had (or would have had) on daily attendance at the school.

**Claims** on the basis of travel time or travel distance should explain how travel time or travel distances are/were affected by the adverse conditions or other circumstance (i.e. it must be clearly demonstrated that travel time for the return journey is at least 3 hours or that the travel distances meet the relevant distance rule).

Evidence required to establish a case on the basis of impassable roads caused by special weather conditions is set out in [4.2.12](#).

#### **4.2.11 Rule 3 - Special weather conditions and likelihood of school absence**

A **student** whose home does not satisfy the distance and time criteria may still be geographically isolated if the **parents** provide evidence that the student would, if living at the **Principal family home**, be denied reasonable daily access to appropriate schooling for at least 20 school term days a year because of special weather conditions.

It is not necessary that the weather conditions leading to a **student's** absence from school be extraordinary or abnormal. The fact that a student's access to schooling has been, or is **likely** to be disrupted by weather conditions for at least 20 school term days a year is sufficient for this criteria to be satisfied. In this context, weather conditions prevailing in the current or previous year do not have to be unusual in the sense that the conditions are markedly different from other years.

In respect of road access, the issue is whether on some days in a year weather conditions are likely to apply which make existing roads in their current state impassable, whereas on other 'normal' days (that may cover most of the year), roads are passable. This section would apply when, for example, rainfall might be expected to make roads impassable for at least 20 school term days of a year.

For this criteria to be satisfied, the applicant needs to demonstrate that, because of special weather conditions, it is likely that the student would be absent from school for at least 20 school term days a year. Evidence that can be considered is:

- If the school confirms that under certain weather conditions there would be more than a remote possibility that 20 days school absence may occur; and/or
- Historical weather reports; and/or
- The student's records of attendance for previous year or years, or records of their sibling (if circumstances were similar).

#### **4.2.12 Rule 3 - Impassable roads – evidence that attendance is likely to be adversely affected**

If there is no evidence that school attendance for the **student** in question, or another student, has been adversely affected due to impassable roads then the following evidence must be provided:

- a report, where applicable, from the company which operates the school bus service, indicating how the bus route (or the student's access to the bus service) was affected and the number of days over the relevant period(s) on which it was so affected; or
- a report from the shire/council engineer or other similar officer stating that the road(s) in question was/were impassable on particular dates (and the reasons eg rainfall, road construction); or
- a report from the shire/council engineer or other similar officer describing in detail the weather or other circumstances in which the road becomes impassable, including the duration for which it is impassable, and evidence (eg rainfall records) showing the dates on which those weather or other circumstances occurred in previous years. Where provided, the professional opinion of this officer as to the impact of the circumstances described should be taken into account; or
- a report from a local, state or national authority having prime responsibility for roads, water, or land management stating that the road(s) in question was/were impassable on particular dates (and the reasons eg rainfall, road construction); or
- a report from a local, state or national authority having prime responsibility for roads, water, or land management describing in detail the weather or other circumstances in which the road becomes impassable, including the duration for which it is impassable, and evidence (eg rainfall records) showing the dates on which those weather or other circumstances occurred in previous years. Where provided, the professional opinion of this officer as to the impact of the circumstances described should be taken into account. Rainfall levels, other weather conditions or the material used in road construction are only relevant to the extent they actually contribute to a road being impassable.

A concession is available where circumstances arising in (or just prior to) the year of assistance affect, or threaten to affect, a student's access to local schooling (see [4.2.16](#)).

#### 4.2.13 Rule 3 - Continuation of an AIC Scheme Allowance

Once an allowance is granted on the basis of special weather conditions (4.2.11), the AIC Scheme allowance may continue to apply until the end of the **student's** secondary school study provided:

- the **Family's Principal family home** remains the same;
- school access circumstances do not change (that is, special weather conditions continue to apply);
- the student continues to board away from home to study at the same school; and
- the applicant meets other eligibility conditions.

Where circumstances do not change from year to year, **Approved applicants** do not need to resubmit evidence at the beginning of each year to show that special weather conditions continue to exist.

#### 4.2.14 Rule 3 - Change in circumstances during the year

Where school access circumstances change during the year to the extent that special weather conditions no longer prohibit access to the local school (for example, a road that was previously prone to flooding was upgraded to all-weather status), the AIC Scheme allowance can continue to the end of the year in which the change occurred provided:

- the **student** remains at the same school attended before the change in circumstances occurred; and
- the applicant meets other eligibility conditions.

Affected families would have their **Claim** for the next year of study assessed in accordance with the usual isolation rules. Where these rules are not met for that year, the AIC Scheme allowance would not be payable.

#### 4.2.15 Rule 3 - Evidence of non-access to private transport

**Claims** on the basis that the applicant and **Partner** (where applicable) do not have (access to) a vehicle or are medically unfit or legally unable to drive a vehicle must be accompanied by appropriate documentation, for example, medical and court reports. The evidence provided should state the duration of the situation.

#### 4.2.16 Rule 3 - Conditions in year of assistance concession

Geographic isolation under Rule 3 is normally determined on the basis of the effect on access to the local school in the year or years before that in which assistance is sought. A concession is available, however, where:

- circumstances arise in (or just prior to) the year of assistance that affect, or threaten to affect, a **student's** access to local schooling;
- these circumstances are beyond the control of the **Family**; and
- on the strength of these 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, a student's geographic isolation status may be established if evidence is supplied that demonstrates that the adverse travel conditions or **other Circumstances beyond the family's control** would have affected the student's access to local schooling. Full entitlement is subject to evidence demonstrating that access would have been affected on at least 20 days of the **School year**.



This concession of allowing consideration of circumstances in the year of assistance, is not available where the student was boarding, living in a second home or studying by distance education methods in the previous year, as this would indicate that it was not the recent conditions which led to the Family's decision.

## 4.3 Students with Special Needs

### Introduction

This Part outlines the criteria which allow students with special needs to be eligible for the AIC Scheme.

- [4.3.1](#) **Students** with special needs - summary
- [4.3.2](#) Definition of a disability or health-related condition
- [4.3.3](#) Evidence requirements for special needs
- [4.3.4](#) Duration of special need assessment
- [4.3.5](#) Student attends a **Special School**
- [4.3.6](#) Student needs access to special facilities or a special environment
- [4.3.7](#) Student needs to study from home
- [4.3.8](#) Student needs to be removed from local school environment
- [4.3.9](#) Student needs testing / remediation for a learning disability
- [4.3.10](#) Student needs specialist remedial tuition
- [4.3.11](#) Student would suffer serious educational disadvantage if not able to bypass local school

### 4.3.1 Students with special needs - summary

Where a **student** has a **disability or other health-related condition** or a special education need which requires a **Special School** programme, special facilities and/or a special environment, the nearest **Appropriate state school** (for the purposes of the geographic isolation rules outlined in [4.2](#)) may be regarded as the nearest state school which has or can provide access to the special programme, facilities and/or environment required for the student.

The specific circumstances under which a student can be regarded as having a special need are:

- the student attends a Special School (see [4.3.5](#));
- the student needs access to special facilities or a special environment (see [4.3.6](#));
- the student needs to study from home (see [4.3.7](#));
- the student needs to be removed from the local school environment (because of expulsion or health reasons) (see [4.3.8](#));
- the student needs testing and/or remediation for a learning disability (see [4.3.9](#)),
- the student needs specialist remedial tuition (see [4.3.10](#)); or
- the student would suffer serious educational disadvantage if they were not able to bypass the local school (see [4.3.11](#)).

### 4.3.2 Definition of a disability or other health-related condition

For the purposes of this Part a **disability or other health-related condition** is defined as:

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

### 4.3.3 Evidence requirements for special needs

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. Details of the evidence required are provided in the paragraph dealing with each type of special need.

Evidence is not required if the applicant confirms that the circumstances of the Claim have not changed since the original Claim was approved and:

- it is clear from evidence previously provided that the student's condition is permanent and requires ongoing access to facilities and/or an environment that is not available locally; or
- the evidence provided for the previous year indicated that the student's course or treatment will carry on for the current year; or
- the student had a demonstrated special need in Year 11 and is entering Year 12 at the same school (and is eligible for the Year 12 Continuity of schooling concession - see [4.4.4](#)).

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

#### **4.3.4 Duration of special need assessment**

Some circumstances under which a **student** is regarded as having a special need are temporary, for example, pregnancy or medical treatment. 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 previous year to which the AIC Scheme Claim relates.

Where a student has been assessed as having a special need, this assessment may carry on to allow continuity of schooling (at the same school) until the end of the **School year** or an allowance ceases to be payable (eg because they cease to board away). See also [4.4.4](#) for Year 12 Continuity of schooling concession.

#### **4.3.5 Student attends a Special School**

A **student** may be regarded as having a special need if they attend a **Special School**. 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 under the provisions of [4.3.6](#).

A **Claim** for a student who attends a Special School does not need to be supported by evidence. The fact that the student attends the school will normally be sufficient to establish that the student has special needs.

#### **4.3.6 Student needs access to special facilities or a special environment**

A **student** may be regarded as having a special need if they need access to special facilities or a special environment which help manage or overcome a **disability or other health-related condition**. Special facilities or a special environment includes:

- a special centre which caters for the child'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 (eg a visiting specialist teacher for blind students or ramps for easy wheelchair access, etc.);
- 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 which gives relief from a health-related condition that is associated with the climate in the vicinity of the home;
- an environment in which the student can avoid the effects of lengthy daily travel; or
- an environment in which the student can obtain essential and extensive medical treatment.

A Claim for a student needing to access special facilities 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 assist in the management of the condition. Evidence from a specialist is necessary for conditions that require specialist treatment (eg 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 would be better managed or overcome by access to the facilities and/or environment at the board (or second home) location; and
- (where applicable) the special facilities or environment are necessary to such an extent that it requires the student to live away from home (rather than access them periodically).

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

- there is no suitable medication or treatment which is both reasonably available and could alleviate the effects of the condition; and
- the condition is **likely** to result in the student being absent from local schooling on at least 20 days of the **School year**.

### **Example 1**

Dylan's father is in prison and Dylan has faced taunts and ridicule in the small town where he lives. He starts truanting 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. AIC Scheme Claim may be approved because evidence has been provided that makes it clear that his emotional health will continue to deteriorate if he continues to attend his local school, and that the supervised environment of a boarding school is **likely** to improve his emotional health.

### **Example 2**

Kelly's younger sister has multiple intellectual and behavioural problems which demand significant care and attention from her parents. The parents are seeking assistance for Kelly to go to boarding school as they are worried that her senior secondary education is likely to suffer because of the disruptive atmosphere at home. To date, Kelly has done well at her local school and there is no evidence that Kelly herself has any psychological or behavioural problems. AIC Scheme Claim should not be approved.

### **Example 3**

Donna, 14, has rheumatoid arthritis. Although her condition can, to some extent, be alleviated by medication, it is exacerbated by frequent and lengthy travel. Her condition requires regular supervision by a medical specialist. AIC Scheme Claim may be approved because Donna's Family is able to provide evidence that Donna's health will be adversely affected by her continuing to regularly travel the lengthy distance to and from her local school.

### **Example 4**

Andrea attends boarding school on a weekly basis in a city one and a half hour's drive from her home. Her route to the city passes the local (appropriate) secondary school, which is 25 km from the home and connected by a school bus service.

Her mother has applied for the AIC Scheme on the grounds that Andrea suffers from motion sickness and cannot travel to school daily (but can travel a longer distance twice weekly to boarding school). A GP's certificate states only that Andrea suffers from motion sickness. AIC Scheme Claim should not be approved because the medical evidence does not clearly show that Andrea's motion sickness is of such severity that her health is adversely affected by the daily travel to school, nor that there is no suitable medication to alleviate the problem to enable her to travel without motion sickness.

**Example 5**

David is in remission from leukaemia but needs frequent medical checks from a specialist who is not located nearby. 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 an environment that enables him to obtain essential and frequent medical checks that are not available in his home town.

**Example 6**

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, that is closer to the Principal family home than to the school. AIC Scheme Claim should not be approved because if access to a medical specialist was the reason for Penelope's attendance at boarding school, then the school would be in easy and close proximity to the medical specialist, which is not the case.

**Example 7**

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 orthodontic treatment once they are living in the city. Soon after starting boarding school, Dominic begins to receive specialist orthodontic treatment. His father applies for the AIC Scheme under [4.3.6](#). This Claim should not be approved because it has not been clearly demonstrated that the orthodontic treatment is essential and extensive medical treatment nor that the condition is likely to result in the student being absent from local schooling on at least 20 days a year. It appears from the information given that the specialist orthodontic treatment is as a consequence of its accessibility from the boarding school.

**Example 8**

Elliot, 10, has lived all his life in a mining town. Medical tests show that certain heavy metal levels in his blood are abnormally and dangerously high and his intellectual development is at risk. His parents are advised by medical authorities to board him away from home as soon as possible and they apply for the AIC Scheme. The Claim may be approved because it is clear from the medical evidence provided that Elliot's health will be adversely affected should he continue to study in his home town, as it has an environment that is directly causing his health condition.

**Example 9**

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.

### 4.3.7 Student needs to study from home

A **student** may be regarded as having a special need if they study by distance education because of a **disability or other health-related condition** that:

- needs facilities and/or environmental conditions (eg care) available from the **Family** home; or
- requires the student to avoid contact of the sort that would occur at a school; or
- requires the student to avoid travel of the sort that would be necessary to attend school each day.

A **Claim** for a student needing to study from home must be supported by medical evidence that establishes the nature of the condition. Evidence from a specialist is necessary for conditions which require specialist treatment (eg psychiatric or severe allergic conditions).

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

- there is no suitable medication or treatment which is both reasonably available and could alleviate the effects of the condition; and
- the condition is **likely** to result in the student being absent from local schooling on at least 20 days of the **School year**.

#### Example 1

Brenda, 15, is six 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. AIC Scheme Distance Education Allowance may be approved.

#### Example 2

Shelley, 12, has been diagnosed with a brain tumour. She is trying to keep up with her school work by studying by distance education methods at home while at the same time undergoing extensive medical treatment. She can concentrate for short periods only, and the distance education centre expects her to submit assignments only as and when she feels capable of doing so. AIC Scheme Distance Education Allowance may be paid as long as the school considers Shelley to be enrolled and studying full-time (for her).

### 4.3.8 Student needs to be removed from local school environment

A **student** may be regarded as having a special need if they need to be removed from the local school environment (that is, the school grounds and buildings for which the education authorities have legal responsibilities) because of:

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

A **Claim** for a student who needs to be removed from the local school environment must be supported by a statement from the Chief Executive of the State/Territory education authority, or an officer delegated to act on his or her behalf. The statement must indicate:

- the reason for the student to be removed from the local school (in broad terms only, eg interpersonal problems affecting health, expulsion);
- that attempts have been made by the **Family** and the school to resolve the problem (without success); and
- that there is no suitable school in the district that the student can attend daily.

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.

### 4.3.9 Student needs testing / remediation for a learning disability

A **student** may be regarded as having a special need if they need to live away from home for at least 5 days to undertake diagnostic testing and/or remediation for a learning disability at an institution or centre providing specialist services in the area of learning disabilities.

The placement in such an institution or centre must be with the approval of the relevant educational guidance authorities and/or the institution concerned.

A **Claim** on this basis must be supported by a statement from:

- the State/Territory educational guidance authorities, or a delegate of the authority (eg an independent educational psychologist); or
- guidance authorities in a non-government education system (eg Catholic Education Office).

The statement must also give the period for which testing/remedial tuition is required.

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

### 4.3.10 Student needs specialist remedial tuition

A **student** may be regarded as having a special need if they require access to a remedial tuition programme delivered by a specialist remedial teacher or facility.

The remedial programme must be of at least one and a half hours per week in an area of specific learning disability. It is not sufficient that the programme merely involves increased individual attention or a modified course of the type generally available in non-specialist schools to students with learning difficulties.

The student may receive the remedial tuition at either the school or institution that they attend full-time or a special remedial centre which they attend part-time while spending the remainder of the school week at a mainstream school.

A **Claim** on this basis must be supported by evidence to verify the need for specialist remedial tuition, in the form of a recent written recommendation from:

- the relevant State, Territory or non-government education guidance authorities at the appropriate regional district office level; or
- a specialist assessment service used by the above (eg an educational psychologist, child psychologist, health professional).

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

Evidence is also required from the Principal of the school or Director of the facility that provides the remedial tuition, giving details of the programme (see 2nd dot point below).

Together the evidence must clearly demonstrate that:

- the student requires specialist remedial tuition to overcome a particular learning disability;
- the student is receiving tuition of at least one and a half hours a week in a special remedial class from a specialist remedial teacher (eg a teacher with a special education qualification); and
- the remedial tuition required is of a type that is not available locally.

If a report recommends that a student requires remedial tuition for a period of at least two years, it will not be necessary to submit a second such report 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 school or facility, however, must be provided each year.

### Example

Julio's **Family** has arrived from Chile and is living in a medium sized country town. While the school offers a broad range of subjects there are no teachers with English as a Second Language (ESL) skills and Julio, in Year 8, is finding it extremely difficult to cope and is regressing in his studies. The State education guidance authorities indicate that he needs to attend a school that provides specialist remedial classes in English. Appropriate evidence is also supplied by the boarding school Julio is to attend. AIC Scheme Claim may be approved.

#### 4.3.11 Student would suffer serious educational disadvantage if not able to bypass local school

A **student** may be regarded as having a special need if the State/Territory education authority confirms that they would suffer serious educational disadvantage if not able to bypass the local school(s).

It should be noted that a student who only has reasonable daily access to a school that does not offer education at the level at which they are able to enrol does not need to meet this provision. Likewise, the local state school is not considered appropriate for a student who meets one of the provisions set out in [4.3.5](#) - [4.3.10](#).

A student does not have a special need solely on the basis of claims that are outside the aims of the AIC Scheme, for example:

- desires 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';
- standard of teaching facilities;
- the socio-economic, racial, or ethnic mix of a school
- non-core (for example, subjects other than maths, science and English) subjects being studied by the student at the school delivered by non-traditional 'face to face' teaching methods (eg technologically based delivery);
- the student's parents have moved from one non-geographically isolated area to another and the student cannot continue to study in the same subjects and/or the same system;
- **Family** connections with another school;
- difficulties with out-of-school care arrangements; and
- a desire for a Family to send a child to a boarding school.

It is important for a **Claim** to be supported in a manner that ensures consistent support for students who study under similar circumstances. Therefore, a Claim on this basis must be supported by a statement from the Chief Executive Officer of the State/Territory education authority (eg Director-General) or an officer delegated to act on their behalf. 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; and
- the State/Territory authority has no objection to AIC Scheme allowances being paid.

If an educational authority is supporting a Claim on the basis that a student cannot appropriately access a specific subject (or range of subjects to achieve a core competency), then the supporting statement must also specify that:

- The particular "core" subject is an essential part of study for all students within their jurisdiction, at that particular year level; or the "core competency" cannot be met by any of the subjects offered at the school (if appropriate for that educational jurisdiction); and
- The alternative delivery of the subject(s) (i.e. correspondence) is not appropriate for this individual student.



Note: It is not the role of **Centrelink** to make judgements on the quality of education provided at particular schools, these issues are the constitutional responsibility of the State/Territory education authorities. Similarly, it is not the role of Centrelink staff to ‘put’ a case for bypassing to the State/Territory authorities, the onus to approach the State/Territory authorities in these matters rests with the applicant.

### **Example 1**

Allison is in Year 11 and must study English through distance education modules and is seeking to bypass this school to access an AIC Scheme allowance. AIC Scheme allowances may be available for Allison provided that her **Claim** is submitted with a supporting statement from her state education authority which confirms that Allison is suffering serious educational disadvantage through her inability to access English, a “core” education subject which is an essential part of study for all students in Year 11 and it is confirmed that Alison requires ‘face to face’ tuition which is unavailable locally.

### **Example 2**

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. AIC Scheme Claim should not be approved because Jeremy’s desire to attend a school that may enhance a student’s academic prospects is outside the scope of the AIC Scheme.

### **Example 3**

Carrie, 16, attends a girls’ boarding school in the city where she is studying Spanish. Her local area 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. The AIC Claim should not be approved because it is not expected that all students at Carrie’s year level learn Spanish.

### **Example 4**

One 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 but should be advised that the AIC Scheme does not cover such cases, unless there is not an Appropriate state school within distances specified in 4.2.

### **Example 5**

Craig and Stuart’s mother died two years ago and their father has enrolled them in boarding school in the city as he finds it difficult to care for them on his own. There is no scope under the AIC Scheme to assist in cases such as this, and benefits should not be paid for the boys to bypass the local school.

### **Example 6**

Phoebe’s elder sister Phillipa received AIC Scheme allowances in Years 11 and 12 because the local school catered to Year 10 only. The school has since been upgraded to Year 12. There are only two students in Year 11 and all subjects except English are delivered by distance education mode. Phoebe’s Family want her to attend the same school as her sister did and believe she will be seriously educationally disadvantaged by undertaking Year 11 and 12 at the local school. A teacher is supportive of the Family’s wishes but no recommendation is provided by the central State education authorities. AIC Scheme Claim should not be approved.

## 4.4 Students Deemed to be Isolated

### Introduction

In certain circumstances a **student** may be regarded as not having reasonable daily access to an **Appropriate state school** without meeting a geographic isolation rule (see 4.2.1). The specific circumstances in which a student may be deemed isolated are outlined in this Section.

- [4.4.1](#) Student lives in a Special Institution
- [4.4.2](#) Occupation of a student's **parent(s)** involves frequent moves
- [4.4.3](#) Student lives in a Second family home with a sibling who meets a geographic isolation rule
- [4.4.4](#) Condition of schooling concession
- [4.4.5](#) Retrospective continuity of schooling concession
- [4.4.6](#) Student whose sole parent's occupation requires frequent overnight absences

### 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 a Special Institution will normally be sufficient to establish that they have a disability or other health-related condition and that it is necessary or preferable for him or her to reside at the Special Institution.

Note: the student must undertake an approved course (see [3.4.4](#)) at an approved institution (see [3.4.3](#)). 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 Occupation of parent(s) involves frequent moves

A **student** may be deemed to be isolated if:

- the **parent(s)** has an occupation where an itinerant lifestyle is a necessary requirement for their livelihood; and
- the occupation requires the parent(s) to perform the skill onsite; and
- the occupation necessitates the relocation of the **Family**; and
- the parent(s) relocate at least five times a year for work purposes.

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

- the parent(s) operate out of a base, as they are not relocating the Family; or
- the parent(s) work solely in a geographically limited area where it could reasonably be expected for them to maintain a fixed address (eg solely within a metropolitan area or within 56 km of a town/city); or
- the parent(s) are subject to transfer every 2 or 3 years (eg police officers, defence service personnel, teachers etc) and could normally be expected to spend at least one full **School year** in the one location (even though they may have moved on more than one occasion in a particular School year); or
- the primary reason for travelling and seeking work is for a 'working holiday', or to undertake unpaid voluntary work; or

- the occupation of the Parent or **Partner** could reasonably be maintained within a limited geographical area (i.e. the Parent or Partner 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 employment 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)'s occupation involves frequent moves must be supported by:

- a statement of the Family's projected itinerary for the School year in which the AIC Scheme allowance is sought;
- (where relevant) a statement of the Family's itinerary (including locations and dates employed at these locations) over the previous twelve month period; and
- verification of the Family's past and proposed frequent movements in the form of employers' statements, etc.

The applicant's Claim needs to be supported by evidence that this travel is a necessary part of earning their livelihood, and not a preference of the applicant or their partner. Evidence is required to show that the particular trade or skills of the **applicant** or their Partner 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.

#### **Example 1**

Mr and Mrs Brown run a site development business that excavates and prepares land for commercial property development. Most of the locations are within the metropolitan area and the couple work at an average of 6 sites a year. They often spend up to three 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. AIC Scheme 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 travelling or located more than 56 km from home.

#### **Example 2**

Mr and Mrs Adams resign from their jobs and commence 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. AIC Scheme benefits should not be approved as the Adams' are moving for holiday purposes, seeking work in the areas they travel to, with their occupation not being the primary reason for the moves.

#### **4.4.3 Student lives in a Second family home with a sibling who meets a geographic isolation rule**

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 Second Home Allowance to be paid on his or her behalf.

As a concession this provision is also extended to a student with a sibling who:

- is a **secondary student** aged 16 years or over; and
- meets an isolation condition (except under this provision); and

- 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 the AIC Scheme (in the current or a previous year) immediately prior to transferring to Youth Allowance or ABSTUDY.

Since the student may be deemed isolated only on the basis of a sibling, this assessment should 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 necessary, AIC Scheme records may be checked to ensure the student was previously eligible for the AIC Scheme. In some circumstances, it may be necessary to obtain further information to confirm that a Youth Allowance or ABSTUDY sibling continues to meet a geographic isolation condition.

Where a student has been deemed isolated under this provision and the sibling ceases to receive student assistance because, for example, he/she discontinues study, the student may remain eligible on the basis of continuity (see [4.4.4](#)).

See [5.3.8](#) regarding the maximum annual entitlement of Second Home Allowance per **Family**.

#### 4.4.4 Continuity of schooling concession

The continuity of schooling concession is available to limit the disruption to the schooling of **students** whose circumstances change during the **School year**. The concession allows a student to be deemed isolated if:

- due to a change of circumstance (eg change of **Principal family home**, change of travel conditions, change in health conditions, change in **parent’s** occupation), they cease to meet an isolation condition; and
- they continue to attend the same school (or continue to be enrolled through the same distance education school).

This concession **should not** 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 did meet an isolation condition in the year prior to the year for which assistance is sought); or
- lived away from home in order to undertake a short-term programme (eg for diagnostic testing or remedial tuition).

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.

#### 4.4.5 Retrospective continuity of schooling concession

The continuity of schooling concession (see [4.4.4](#)) may also be applied in reverse where a **student** who does not meet a geographic isolation rule at the start of the **School year** may retrospectively be deemed to be isolated for the earlier part of the year if:

- due to a change of circumstance (eg change of **Principal family home**, change in **parent’s** occupation, change in health condition, discontinuation of school bus service) they commence to meet an isolation condition; and

- the student was placed in an approved boarding arrangement (see [5.2.4](#)), enrolled in distance education studies or commenced 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, eg 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.

#### **4.4.6 Students whose sole parent's occupation requires frequent overnight absences**

Prior to 2006, certain **students** could be deemed geographically isolated where the occupation of a student's sole **parent**, by its nature, required frequent overnight absences. This option was removed as at 1 January 2006.

Any student who attracted AIC Scheme allowances on this basis in 2005 will continue to be deemed as geographically isolated until the completion or discontinuation of the course of study, or the Parent changes occupation (whichever is the earlier).

# 5 AIC Scheme Allowances

## 5.1 General Entitlement and Payment Features

### Introduction

This Part outlines the general entitlement and payment features associated with AIC Scheme allowances.

- [5.1.1](#) Determination of allowance
- [5.1.2](#) Determination of allowance for **students** living away from home and studying by distance education methods
- [5.1.3](#) Amount of entitlement
- [5.1.4](#) Minimum payment
- [5.1.5](#) Payment frequency - term instalments
- [5.1.6](#) Payment frequency - fortnightly instalments
- [5.1.7](#) Payment frequency - **Short-term boarders**
- [5.1.8](#) Term instalments - four-term States and Territories
- [5.1.9](#) Term instalments - three-term State
- [5.1.10](#) Calculation of term payments
- [5.1.11](#) Taxation of allowances
- [5.1.12](#) Payee for allowances

### 5.1.1 Determination of allowance

The applicable allowance for a **student** will normally reflect a student's living arrangements while undertaking the approved course:

- for a student who boards away from home, the applicable allowance will normally be Boarding Allowance;
- for a student who lives in a Second family home, the applicable allowance will normally be Second Home Allowance;
- for a student who lives at the **Principal family home** while studying by distance education methods, the applicable allowance will normally be Distance Education Allowance.

Where, however, a student is in receipt of a Disability Support Pension or Parenting Payment (single), the applicable allowance is the Pensioner Education Supplement.

Where a student studies by distance education methods and periodically travels away from home to attend a short 'mini school' or residential school for their course, Distance Education Allowance remains the applicable allowance.

Where a student needs to stay in town for short periods during the year (eg 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 [5.2.13](#)).

### 5.1.2 Determination of allowance for students living away from home and studying by distance education methods

Where the **student** must live away from the **Principal family home** in order to undertake approved studies (see [3.4](#)) the allowance payable is primarily determined by the student's living arrangement.

The applicable allowance will be:

- Boarding Allowance where the student is boarding away from home in order to have daily access to appropriate schooling;
- Second Home Allowance where the student lives in a Second family home in order to have daily access to appropriate schooling;
- Second Home Allowance where the student lives in a Second family home maintained in order for a sibling to have daily access to appropriate schooling (see [5.3.2](#));
- Distance Education Allowance where the student lives in a Second family home maintained for reasons other than access to appropriate schooling for the student or his/her siblings.

Where the student could undertake distance education studies from the Principal family home, the allowance payable will be determined by the student's mode of study unless the student lives in a Second family home maintained in order for a sibling to undertake approved studies.

### **5.1.3 Amount of entitlement**

Provided the eligibility requirements are met (see 3.7), AIC Scheme allowances are available for the full calendar year, 1 January to 31 December.

If the eligibility requirements are not met for the full year, pro-rata entitlement is calculated on the basis of:

$$\frac{\text{number of days in eligibility period}}{\text{number of days in calendar year}} \times \text{rate of annual entitlement}$$

### **5.1.4 Minimum payment**

An AIC Scheme allowance is payable in respect of a single day in the year.

### **5.1.5 Payment frequency - term instalments**

The following allowances are payable by term instalments:

- Boarding Allowance for **students** living in schools, hostels, other residential institutions, or participating in the pilot homestay programme of the Queensland Department of Education and the Arts;
- Distance Education Allowance; and
- the Pensioner Education Supplement (PES) for 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 (see [5.1.8](#)) or a third (see [5.1.9](#)) of the calendar year rather than the exact period between the relevant term dates.

### **5.1.6 Payment frequency - fortnightly instalments**

The following allowances are payable fortnightly in arrears:

- Boarding Allowance for **students** boarding privately;
- Second Home Allowance; and
- PES for students boarding privately.

### 5.1.7 Payment frequency - Short-term boarders

Payment for **Short-term boarders** may be made by one of two methods. If the **student** is boarding at an institution and the exact period is known in advance, payment may be made in advance. Otherwise, the allowance should be 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 student boards away from home (see [5.2.13](#)).

### 5.1.8 Term instalments - four-term States and Territories

For four-term States or Territories, the term instalment periods are as follows:

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)

See [5.1.10](#) regarding the calculation of term payments.

### 5.1.9 Term instalments - three-term State

For Tasmania the term instalment periods are as follows:

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)

see [5.1.10](#) regarding the calculation of term payments.

### 5.1.10 Calculation of term payments

Term instalments are calculated on the following basis:

$$\frac{\text{number of days in instalment period}}{\text{number of days in calendar year}} \quad \times \quad \text{rate of annual entitlement}$$

As a result the amount of instalments may vary slightly in accordance with the number of days in the instalment period.

### 5.1.11 Taxation of allowances

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

It is therefore not necessary to deduct tax from any AIC Scheme payments, nor is it necessary to provide a Group Certificate to an applicant where the only payments received in respect of that **student** are AIC Scheme allowances.



### **5.1.12 Payee for allowances**

Allowances may be paid direct to the applicant or to an agent nominated by the applicant (eg the school, private board provider, or the **student**).

It should be noted, however, that the applicant remains responsible for any overpayment, that may occur (see [1.4.1](#)) irrespective of who receives the payment.

## 5.2 Boarding Allowance and Additional Boarding Allowance

### Introduction

This Part outlines the intention, rates and eligibility requirements of Boarding Allowance and Additional Boarding Allowance.

- [5.2.1](#) Purpose of Boarding Allowance
- [5.2.2](#) Components of Boarding Allowance
- [5.2.3](#) Eligibility for Basic Boarding Allowance
- [5.2.4](#) Approved boarding arrangement
- [5.2.5](#) Eligibility for Additional Boarding Allowance
- [5.2.6](#) **Students** in foster care
- [5.2.7](#) Boarding Costs
- [5.2.8](#) Actual boarding charges
- [5.2.9](#) Boarding fees paid by another party
- [5.2.10](#) Additional Boarding Allowance entitlement
- [5.2.11](#) Maximum rates of entitlement
- [5.2.12](#) Entitlement for part-time boarders
- [5.2.13](#) Entitlement for **Short-term boarders**

### 5.2.1 Purpose of Boarding Allowance

The Boarding Allowance is intended to contribute towards the costs incurred by **families** in boarding a **student** away from home to have daily access to appropriate schooling.

### 5.2.2 Components of Boarding Allowance

There are two components of Boarding Allowance:

- the Basic Boarding Allowance component which is payable to all **Eligible students** who board away from home (see [5.2.3](#));
- the Additional Boarding Allowance component, which is subject to the Parental Income Test (see [5.2.5](#)) and boarding costs.

See section 6.4 for details on situations where the Parental Income Test may be waived.

### 5.2.3 Eligibility for Basic Boarding Allowance

To qualify for the Basic Boarding Allowance component a **student**:

- must live away from home in an approved boarding arrangement during school term (see [5.2.4](#));
- must not be in receipt of a pension - the Pensioner Education Supplement is available for students in receipt of certain pensions (see [5.5](#)); and
- must 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 similar allowance intended for the upkeep of the student) to the institution/organisation that operates that institution.

Note: the eligibility conditions outlined in [Parts 2, 3](#) and [4](#) must also be met.

### 5.2.4 Approved boarding arrangement

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, except where provided by:

- a natural or adoptive **Parent** of the **student**; or
- an older sibling where that person 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 [5.2.12](#) for entitlement for part-time boarders).

### 5.2.5 Eligibility for Additional Boarding Allowance

To qualify for the Additional Boarding Allowance component:

- the **student** must qualify for Basic Boarding Allowance (see [5.2.3](#));
- 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 [6.8.2](#)) see Part 6 for details of the Parental Income Test; or
- the Parental Income Test is waived; and
- the level of the student's boarding costs (see [5.2.7](#)) must exceed the level of Basic Boarding Allowance.

See [Part 6](#) for details of the Parental Income Test and [6.4.1](#) in the situation where the Parental Income Test may be waived.

### 5.2.6 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 in receipt of a foster care allowance (or other similar allowance intended for the upkeep or personal use of the student) from a government authority (see [6.4.8](#)).

Note: 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.

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

- confirming that a direction or authorisation by a Court, Minister or government authority is currently in effect in relation to the student's care;
- confirming the details of the care arrangement, including the name and address of the person(s) authorised to care for the student; and
- indicating whether the authorised carer(s) is receiving a foster care allowance or similar allowance intended for the student's upkeep or personal use.

AIC Scheme allowances are not payable in respect of a student who:

- is in a custodial institution such as a prison, remand centre or training school for the period of his or her committal (see [3.6.1](#)); or
- is in **State Authorised Care** and whose permanent accommodation is financed wholly or substantially by a State or Territory government (see [3.6.3](#)).

### 5.2.7 Boarding Costs

Additional Boarding Allowance is payable only if or to the extent that the **Family** incurs boarding costs above the level of the Basic Boarding Allowance. A **student's** boarding costs are:

- the level of 'actual boarding charges' (as defined in [5.2.8](#)); plus
- \$250 to cover incidental expenditure.

A Family may qualify for Additional Boarding Allowance only if the ‘actual boarding charges’ are greater than the minimum threshold of the rate of Basic Boarding Allowance less \$250 for incidentals (See [5.6.1](#) for current allowance rates).

A Family may qualify for the maximum rate of Additional Boarding Allowance (see [5.2.11](#)) only if the ‘actual boarding charges’ are at least the amount shown in [5.6.2](#).

### 5.2.8 Actual boarding charges

For the purposes of eligibility for Additional Boarding Allowance, ‘actual boarding charges’ are the fees charged by the boarding provider for the **student** during the relevant **School year** (inclusive of Goods and Services Tax). It is the amount of boarding fees actually claimed by the institution after any reduction, subsidy, scholarship or refund is taken into account (see [5.2.9](#)).

If, for example, an institution grants a student a scholarship or bursary for boarding costs and, as a result, the applicant is not actually charged boarding fees, then for the purposes of the AIC Scheme, the actual boarding charges for the student are nil.

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.

Children with disabilities who board in **Special Institutions** may remain there for periods beyond normal school terms. Costs incurred for these additional periods may be included as part of the child’s boarding costs for the year.

If a student moves to a different boarding facility (eg to less expensive boarding arrangements), the entitlement should be recalculated. The actual boarding charges should be based on the total boarding costs incurred for the School year. Any reassessment because of lower boarding costs is therefore retrospective to the commencement of entitlement to Additional Boarding Allowance.

If a student commences or ceases to board during the year, or is a **Short-term boarder** or part-time boarder, 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.

### 5.2.9 Boarding fees paid by another party

The following circumstances do not affect the level of ‘actual boarding charges’ where:

- part or all of the boarding fees are paid by another government source out of an entitlement (eg Family Tax Benefit) that would otherwise be paid direct to the **Parent** or **student**; or
- assistance from State or Territory government or private sources (eg friends, relatives, a community organisation) is used to pay part or all of the boarding fee; or
- payment of boarding charges are covered as part of a ‘fringe benefit’ arrangement between the student’s Family and an employer (including where the employer is a Family company) - however, in this circumstance the value of the fringe benefit (over \$1,000) must be included for parental income testing purposes if Additional Boarding Allowance is being claimed.

### 5.2.10 Additional Boarding Allowance entitlement

Additional Boarding Allowance entitlement is subject to the result of the parental income test (see [6.1](#)) and the level of the **student’s** boarding costs (see [5.2.7](#)).

The maximum rate of additional component is payable if:

- the parental income test is waived (see [6.4](#)) or the income level of the applicant and (if applicable) their **Partner** must be at or below the Parental Income Free Area for the parental income test (see [6.8.1](#)) – see Part 6 for details of the parental income test; and
- boarding costs (see [5.2.7](#)) are greater than or equal to the applicable maximum rate of Boarding Allowance, including the additional component (see [5.6.2](#)).

A partial rate of additional component is payable if:

- the level of the parental income is equal or lower than the applicable upper income limit (see [6.8.2](#)); or
- boarding costs (see [5.2.7](#)) are greater than the rate of Basic Boarding Allowance (see [5.6.2](#)) but less than the applicable maximum rate of Additional Boarding Allowance (see [5.2.11](#)).

The actual rate of entitlement will be either the maximum rate of entitlement less the deduction resulting from the parental income test (see [6.1.4](#)) or the level of boarding costs (see [5.2.7](#)), whichever is the least. See [6.2.2](#) to calculate parental income.

No additional component is payable if:

- the level of parental income is greater than the applicable upper income limit (see [6.8.2](#)); or
- boarding costs (see [5.2.7](#)) are less than or equal to rate of Basic Boarding Allowance (see [5.2.11](#)).

### 5.2.11 Maximum rates of entitlement

See [5.6.3](#) for current boarding allowance maximum rates of entitlement. Entitlement is calculated on a pro-rata basis when a **student** is eligible for only part of the year (see [5.1.3](#)).

### 5.2.12 Entitlement for part-time boarders

To qualify for the full Boarding Allowance entitlement, an **Eligible student** must live away from their **Principal family home** full-time (i.e. at least four nights per school week).

A part-time boarder is an eligible full-time **student** who lives 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 on a pro-rata basis as a proportion of one week (7 days). A boarder may be considered part-time if he/she is boarding 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) on a continuous basis over a full term or School year. However, where the entitlement cannot be expressed as a whole number, it shall be rounded up to the nearest whole number that may be proportionally applied, for example, five days a fortnight (5/14) shall be rounded up to three days a week (3/7) for the calculation of entitlement.

Thus a student living away for one, two or three nights each week is entitled to 1/7, 2/7 or 3/7 (as appropriate) of his or her normal entitlement. A student living away from their Principal family home two nights one week and three nights the next week on a regular basis is entitled to 3/7 of a full week's boarding allowance entitlement.

A part-time boarder is entitled over the same period as for a full-time boarder, including to the end of the academic year provided he or she boards 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.

### 5.2.13 Entitlement for Short-term boarders

A **Short-term boarder** is entitled only for the number of days they actually board away from their **Principal family home** (see [3.7.1](#)). As with all AIC Scheme allowances, the **student** must be eligible for at least one day per year before assistance is payable (see [5.1.4](#)).

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

### Introduction

This Part outlines the intention and eligibility requirements of the Second Home Allowance.

- [5.3.1](#) Purpose of Second Home Allowance
- [5.3.2](#) Eligibility for Second Home Allowance
- [5.3.3](#) Approved Second family home
- [5.3.4](#) **Parent** temporarily employed in isolated area
- [5.3.5](#) Loss of Parent situations
- [5.3.6](#) **Students** eligible for Second Home Allowance where no Parent normally lives at the **Principal family home**
- [5.3.7](#) Rate of entitlement
- [5.3.8](#) Maximum annual entitlement per **Family**

#### 5.3.1 Purpose of Second Home Allowance

Second Home Allowance is intended to contribute towards the costs incurred by families in maintaining a **Second family home** to enable their **Eligible student(s)** to have daily access to appropriate schooling.

#### 5.3.2 Eligibility for Second Home Allowance

To be eligible for Second Home Allowance:

- 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 in receipt of a pension - the Pensioner Education Supplement is available for students in receipt of certain pensions (see [5.5](#)).

Note: the eligibility conditions outlined in Parts [2](#), [3](#) and [4](#) must also be met.

Note: Second Home Allowance may be paid in respect of a student who is deemed to be isolated because they live in a Second family home with a sibling who meets a geographic 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 [4.4.6](#)).

#### 5.3.3 Approved Second family home

The intention of the Second Home Allowance is to facilitate access to appropriate schooling, for at least one student. The intention of this allowance is not met if the **Second family home** is further away or less accessible to the school the student attends than the student's **Principal family home**. It is not necessary that the applicant or applicant's Partner 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.

Examples where the Second family home cannot be approved are where the:

- **parents** are separated or divorced and the second home is the normal residence of one of the parents; or
- 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 provided by the Australian Government); or
- second home is either not closer or more accessible to the school the student actually attends; or
- parent(s) have received the First Home Owners Grant for that property.

#### 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 currently resides should not be accepted as the **Principal family home** for the purposes of claiming Second Home Allowance if:

- the dwelling claimed as the second home is in fact the **Family's** permanent home and the other Parent lives there with the children who continue to attend school daily; or
- the Family chooses to lease or rent out their permanent home (that normally allows access to school on a daily basis) to another person 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 addition, care should be taken in approving employer provided accommodation as a Principal family home. In many instances such accommodation will not meet the requirements of a Principal family home.

#### Example 1

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

#### Example 2

Mrs Redway who has lived with her husband and two secondary 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. Mrs and Mr Redway decide however, to maintain a home in Wagga so that their children can continue to access secondary school. Generally Mrs Redway stays at the accommodation provided by her employer 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.

Mrs Redway applies for Second Home Allowance on behalf of her children, claiming that the home in which she lives is the Family's Principal family home. SHA cannot be approved, as Mrs Redway's permanent home is in fact the home in Wagga.



### 5.3.5 Loss of Parent situations

In cases where death or separation results in the sole **Parent** continuing to live with the **student(s)** 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 family home (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.

If, however, separation results in one Parent living at the Principal family home and the other Parent living with the student(s) in the second home, then the nominated second home should not continue to be approved as a Second family home (see [5.3.3](#)). In this circumstance, the provisions set out in [2.1](#) are to be followed to determine the **Approved applicant** and consequently, the student's Principal family home (i.e. the home of the Approved applicant that may be the former second home). Geographic isolation is to be determined with reference to the Principal family home of the Approved applicant.

Note: For the **Family** to remain eligible on the basis of the continuity of schooling concession (see [4.4.4](#)) the Principal family home (that may previously have been an approved second home) must meet a geographic isolation criterion.

#### Example 1

Mrs Kent and her husband divorce, leaving her with the Family farm. Prior to 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 to maintain the Second family home arrangement and, with the help of her parents and brother-in-law, spends weekends and school holidays keeping the farm productive. AIC Scheme Second Home Allowance may be approved.

#### Example 2

Alison's parents own an isolated property. So that Alison could access secondary schooling her parents set up an approved second home just 5 kilometres from the 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** and it is agreed that the children will remain living with their mother in what was the second home. As the children normally live with her, Alison's mother becomes the Approved applicant for the purposes of the AIC Scheme and the home in which she lives becomes Alison's Principal family home. As a result AIC Scheme Second Home Allowance is no longer payable from the date of the separation.

#### Example 3

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 leaves and, 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 and dilapidated. She receives a pension, and applies for the AIC Scheme 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.

### 5.3.6 Students eligible for Second Home Allowance where no Parent lives at the Principal family home

Prior to 2006, a **student** could be eligible for a Second Home Allowance in situations where neither **Parent** lived at the **Principal family home** for the majority of the year. This option was removed from 1 January 2006.

Any student who attracted an AIC Scheme allowance on this basis in 2005 will continue to be deemed as geographically isolated until the completion or discontinuation of their course of study, or arrangements for their Principal family home change. In this case, the student's eligibility for Second Home Allowance will be reassessed according to the policy that is applicable in the year in which reassessment occurs.

### **5.3.7 Rate of entitlement**

See [5.6.4](#) for the current rate of entitlement for Second Home Allowance.

Entitlement is calculated on a pro-rata basis when a **student** is eligible for only part of the year (see [5.1.3](#)).

### **5.3.8 Maximum annual entitlement per Family**

See [5.6.4](#) for the maximum amount of Second Home Allowance payable to any one **Family**.

Where a home is an approved Second family home on the basis of one **student** and that student is in receipt of 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](#)).

## 5.4 Distance Education Allowance

### Introduction

This Part outlines the intention and eligibility requirements of the Distance Education Allowance.

- [5.4.1](#) Purpose of Distance Education Allowance
- [5.4.2](#) Eligibility for Distance Education Allowance
- [5.4.3](#) Acceptable study location
- [5.4.4](#) Home tuition
- [5.4.5](#) Rate of entitlement

### 5.4.1 Purpose of Distance Education Allowance

The Distance Education Allowance is intended to contribute towards incidental costs incurred by **families** whose **student** children are undertaking their education by distance education methods. This allowance is not intended to meet the ongoing cost of provision of education (eg costs associated with teaching, tuition and supervision).

### 5.4.2 Eligibility for Distance Education Allowance

To be eligible for Distance Education Allowance a **student** must:

- be studying at home or an acceptable alternative to home (see [5.4.3](#));
- be undertaking an approved course (see [3.4.4](#)); and
- not be in receipt of a pension - the Pensioner Education Supplement is available for students in receipt of certain pensions (see [5.5](#)).

Note: Eligibility conditions outlined in Parts [2](#), [3](#) and [4](#) must also be met.

### 5.4.3 Acceptable study location

**Students** who are studying via distance education methods and for whom Distance Education Allowance may be paid normally study from home. However, the following study arrangements are also acceptable:

- if a student studies at and uses facilities of a school that does not offer tuition at the student's level (eg a **secondary student** who has access to a local primary school); or
- if a student studies at premises which are not classified as a mainstream school and do not provide formal tuition by qualified teachers; or
- 'Homeland Learning Centres'.

### 5.4.4 Home tuition

A **student** may be eligible for Distance Education Allowance if undertaking a course of home tuition that has been formally approved by the State or Territory education authority as being a satisfactory alternative to the State or Territory provided curriculum.

Where home tuition approval from the State or Territory education authority lapses solely because the student has reached the statutory school leaving age, the home tuition programme may be deemed to be approved if it was approved immediately prior to the student reaching the statutory school leaving age.

Note: Eligibility conditions outlined in Parts [2](#), [3](#) and [4](#) must also be met.

### 5.4.5 Rate of entitlement

See [5.6.5](#) for current Distance Education Allowance rates.

## 5.5 Pensioner Education Supplement

### Introduction

This Part outlines the intention and eligibility requirements of the Pensioner Education Supplement.

- [5.5.1](#) Purpose of the Pensioner Education Supplement (PES)
- [5.5.2](#) Eligibility for PES
- [5.5.3](#) Secondary and tertiary **students**
- [5.5.4](#) Rate of entitlement

### 5.5.1 Purpose of the Pensioner Education Supplement

The Pensioner Education Supplement is paid in respect of **students** in receipt of certain social security pensions and is intended to contribute towards educational costs incurred by **parents** of **Eligible students**.

### 5.5.2 Eligibility for PES

To be eligible for the PES a **student** must:

- be studying at **primary** or equivalent **ungraded** level (see [3.4.5](#));
- be in receipt of, or qualify for, a Disability Support Pension or a Parenting Payment (single); and
- qualify for either Boarding Allowance, Second Home Allowance or Distance Education Allowance (as applicable), except with regard to receipt of a pension.

Note: Eligibility conditions outlined in Parts [2](#), [3](#) and [4](#) must also be met. In particular, see special age rules for pensioner students at [3.3](#).

### 5.5.3 Secondary and Tertiary students

**Secondary, tertiary**, or equivalent **students** who receive a pension are not assisted under the AIC Scheme. 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 1991* from the minimum school leaving age in their State/Territory.

Note: Secondary students under the age of 16 and in receipt of a Parenting Payment (single) are not eligible for the PES under the AIC Scheme.

### 5.5.4 Rate of entitlement

See [5.6.6](#) for the current rate of entitlement for the Pensioner Education Supplement.

## 5.6 Current AIC Scheme Allowance Rates

### Introduction

This Part outlines the 2007 payment rates for each AIC Scheme allowance.

- [5.6.1](#) When Additional Boarding Allowance is payable
- [5.6.2](#) When the maximum rate of Additional Boarding Allowance is payable
- [5.6.3](#) Boarding Allowance maximum rates of entitlement
- [5.6.4](#) Second Home Allowance
- [5.6.5](#) Distance Education Allowance rate of entitlement
- [5.6.6](#) Pensioner Education Supplement rate of entitlement

#### 5.6.1 When Additional Boarding Allowance is payable

A **Family** may qualify for Additional Boarding Allowance in 2007 only if the actual boarding charges (see 5.2.8) are greater than the minimum threshold of \$6,146 (that is, the rate of Basic Boarding Allowance, \$6,396 less \$250 for incidentals).

#### 5.6.2 When the maximum rate of Additional Boarding Allowance is payable

A **Family** may qualify for the maximum rate of Additional Boarding Allowance (see [5.2.5](#)) in 2007 (of \$1,140 per year) only if the actual boarding charges (see [5.2.8](#)) are at least:

- \$7,286 (i.e. \$7,536 less \$250 incidentals).

#### 5.6.3 Boarding Allowance maximum rates of entitlement

Boarding allowance rates for 2007 are as follows:

- where only Basic Boarding Allowance is payable, the rate is \$6,396 per year (\$245.33 per fortnight);
- where the Additional Boarding Allowance is payable the maximum rate of Boarding Allowance is \$7,536 per year (\$289.06 per fortnight).

Entitlement is calculated on a pro-rata basis when a **student** is eligible for only part of the year (see [5.1.3](#)).

#### 5.6.4 Second Home Allowance

The rate of entitlement for Second Home Allowance in 2007 is \$4,858 per year (\$186.34 per fortnight). Entitlement is calculated on a pro-rata basis when a **student** is eligible for only part of a year (see [5.1.3](#)).

The maximum amount of Second Home Allowance payable to any one **Family** is \$14,574 per year. That is, an allowance is payable for up to *three Eligible students* only per Family.

Where a home is an approved Second family home on the basis of one student and that student is in receipt of 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 4.4.5).

### **5.6.5 Distance Education Allowance rate of entitlement**

The rate of entitlement for Distance Education Allowance in 2007 is \$3,198.

Note: Prior to 2005 there were two separate rates for primary and secondary students. These were combined to the one standard amount for both from 2005.

### **5.6.6 Pensioner Education Supplement rate of entitlement**

The rate of entitlement for the PES in 2007 is \$62.40 per fortnight or \$1,626.86 per year.

## 6 The Parental Income Test

### 6.1 Overview of the Parental Income Test

#### Introduction

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

- [6.1.1](#) Application of the Parental Income Test
- [6.1.2](#) Normal assessment on previous **tax year**
- [6.1.3](#) Different tax year
- [6.1.4](#) Proof of income

#### 6.1.1 Application of the Parental Income Test

The Parental Income Test is normally applied to determine eligibility for Additional Boarding Allowance. However, the Parental Income Test may be waived if:

- Special assessment applies (see [6.4](#)) because the applicant or the applicant's **Partner** is getting a Australian Government income-tested pension, benefit or allowance (see [6.4.3](#)), or is in receipt of a Health Care Card (see [6.4.4](#)); or
- the **student** is in **State Authorised Care** (see [6.4.9](#)); or
- the student is living with or in an organisation or institution accepted as an **Approved applicant** under [2.1.13](#).

#### 6.1.2 Normal assessment on previous tax year

Where the Parental Income Test applies, assessment is normally based on the adjusted parental income for the **tax year** ending on 30 June of the year preceding the year for which benefits are sought (i.e. tax year 2005/2006 if seeking benefits for 2007).

However, this is not the case if:

- the income of the applicant and/or the applicant's **Partner** is assessed on a tax year other than July to June (see [6.1.3](#)); or
- the applicant and/or the applicant's **Partner** is in receipt of an employer provided fringe benefit (see [6.6](#)); or
- current income assessment (see [6.7](#)) applies.

To calculate the parental income see [6.2](#).

#### 6.1.3 Different tax year

The end of the relevant **tax year** may not fall on June 30 in the following circumstances:

- where the applicant and/or the applicant's **Partner** has, under Section 18 of the *Income Tax Assessment Act 1936*, adopted a 12 month accounting period that ends on a date other than 30 June, (evidence of the different accounting period approved by the Australian Taxation Office (ATO) is required as there will be very few cases where this will apply); or
- where the income of the applicant and/or applicant's **Partner** consists principally of income from a foreign country that uses a different taxation accounting period from that ending on 30 June (for example, New Zealand has a taxation period of 1 April to 31 March).

In such cases the tax year ending before 1 January of the year for which assistance is sought is considered unless current income assessment applies (see [6.7](#)).

#### 6.1.4 Proof of income

Where the income test applies (see [6.1.1](#)) the applicant and (if applicable) the applicant's **Partner** must provide proof of income to support the **Claim**. Normally evidence should take the form of a Taxation Assessment Notice (TAN).

If a TAN 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 "(applicant/partner's name)'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 **Centrelink** (i.e. a social security pension, benefit or allowance) or the Department of Veterans' Affairs for the full tax year, a Statement of Benefit from the paying Department or Office; 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 TAN must be followed up for verification at a later date. (The applicant should be asked to submit the TAN as soon as it becomes available.)

If acceptable evidence is not presented to verify the income of the applicant or the applicant's partner, only the non-means tested Basic Boarding Allowance may be paid (subject to the **student** being otherwise eligible).



## 6.2 Calculating Parental Income

### Introduction

This Part outlines the intention and eligibility requirements of the Additional Boarding Allowance.

- [6.2.1](#) Parental Income
- [6.2.2](#) Calculating parental income
- [6.2.3](#) Parental Income Free Area (PIFA)
- [6.2.4](#) Effect of PIFA on Additional Boarding Allowance entitlement
- [6.2.5](#) Upper Income Limit
- [6.2.6](#) Effect of Upper Income Limit on Additional Boarding Allowance entitlement
- [6.2.7](#) How dependent child/**student** affects the PIFA and Upper Income Limit
- [6.2.8](#) Dependent child/student
- [6.2.9](#) Children/students who do not increase the PIFA and Upper Income Limit
- [6.2.10](#) Changes in the number of dependent children/students
- [6.2.11](#) Maintenance payments
- [6.2.12](#) Textiles, Clothing and Footwear (TCF) Special Allowance
- [6.2.13](#) Effect of negative income
- [6.2.14](#) Income averaging not permitted
- [6.2.15](#) Income earned or received from overseas
- [6.2.16](#) Converting overseas income and fringe benefits to Australian amounts

### 6.2.1 Parental Income

The parental income test is applied to determine the rate at which the Additional Boarding Allowance will be paid. It is possible for the parental income test to be waived (see [6.1.1](#)).

### 6.2.2 Calculating parental income

To calculate parental income:

- a) Calculate 'total parental income' by ADDING together:
  - the taxable income of the person(s) being income tested; and
  - any income derived overseas (whether taxed overseas or not) by a person being income tested (see [6.2.15](#)); and
  - any maintenance payments to or on behalf of a person being income tested or a dependant of that person, from a former **Partner** (see [6.2.11](#)); and
  - the value of any claimed loss from rental property or a passive income earning investment (negative gearing) (see [6.5](#)); and
  - the value of certain employer provided fringe benefits (see [6.6](#)) provided to or for a person being income tested; and then
- b) DEDUCT from the 'total parental income':
  - maintenance paid (see [6.2.11](#)) by a person being income tested to or for a former Partner and/or dependants or dependent children/**student** no longer in his or her care.

See [6.3](#) for details of the person(s) being income tested.

### 6.2.3 Parental Income Free Area (PIFA)

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. The PIFA will be increased according to the number of other dependent children/**students** in the **Family**. See [6.2.7](#) for how dependent children/students affect the PIFA.

See [6.8.1](#) for the current PIFA level (unadjusted for other dependent children/students).

## 6.2.4 Effect of PIFA on Additional Boarding Allowance entitlement

The level of parental income (see [6.2.1](#)) above the PIFA reduces the AIC Scheme Additional Boarding Allowance entitlement by \$1 for every whole \$4 of the excess.

The level of boarding costs also affects the rate of the Additional Boarding Allowance.

## 6.2.5 Upper Income Limit

The Upper Income Limit is the level of income above which *no* Additional Boarding Allowance can be paid. The Upper Income Limit will be increased according to the number of other dependent children / **students** in the applicant's **Family**.

See [6.2.7](#) for how dependent children/students affect the Upper Income Limit.

See [6.8.2](#) for the current Upper Income Limit.

## 6.2.6 Effect of Upper Income Limit on Additional Boarding Allowance entitlement

Less than the maximum amount of the Additional Boarding Allowance is only payable where the parental income (see 6.2.1) is above the PIFA and at/or below the Upper Income Limit.

The level of boarding costs also affects the rate of the Additional Boarding Allowance. No Additional Boarding Allowance is payable where the parental income is above the Upper Income Limit.

## 6.2.7 How dependent child/student affects the PIFA and Upper Income Limit.

Both the PIFA and the Upper Income Limit are increased according to the number of other dependent children/**students** (see [6.2.8](#)) in the applicant's **Family**.

Both the PIFA and the Upper Income Limit are *increased* by:

- \$3,792 for each additional child/student who:
  - is aged 16 or over; and
  - is in full-time education (whether or not in an approved course); and
  - does not qualify as independent under Youth Allowance or ABSTUDY rules; and
  - does not receive a social security or DVA pension, benefit or allowance (except Family Payment); or
  - is under 16 and eligible for either Boarding Allowance or Second Home Allowance under the AIC Scheme.
- \$1,230 for the first other dependent child/student under 16 not included above; and
- \$2,562 for each subsequent dependent child/student under 16 not included above.

Note: The Youth Allowance sibling adjustment (i.e. \$7,585) for students from families where two or more tertiary students are receiving the away-from-home rate does not apply.

## 6.2.8 Dependent child/student

For purposes of calculating the PIFA and Upper Income Limit (see [6.2.7](#)) a dependent child/**student** is a person who is under 16, or 16-24 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 [6.2.9](#) for children/students who are not considered dependent.

## 6.2.9 Children/students who do not increase the PIFA and Upper Income Limit

Adjustments to the PIFA and Upper Income Limit cannot be made for the following children for the Additional Boarding Allowance:

- a child/**student** who is regarded independent under the Youth Allowance/ABSTUDY rules;
- a child/student who is in State authorised substitute care; or
- a child/student who is living with the applicant or applicant's **Partner** under a student exchange programme; or
- a child/student who does not live with the applicant or applicant's Partner but for whom the applicant or applicant's Partner pays maintenance.

## 6.2.10 Changes in the number of dependent children/students

All adjustments for dependent children/**students** are to be calculated on a continuing basis. This means that the entitlement must be reassessed during the year if the number of dependent children/students in the **Family** changes.

**Centrelink AIC Processing Centre** officers should ensure that prompt action is taken to reassess entitlement and, where necessary, to carry out reassessments of related **claims**.

## 6.2.11 Maintenance payments

The adjusted parental income takes into account all maintenance received or paid by the applicant or applicant's **partner**.

Maintenance received includes all payments from a former partner(s) for the upkeep of the applicant or applicant's Partner and/or dependent(s).

Maintenance paid includes all payments made by the applicant or applicant's Partner for the upkeep of a former partner(s) and/or dependents.

In both instances, payments for household expenses, rent, mortgage, rates, boarding costs, tuition fees and general education expenses or for 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 these have originated from a non-custodial **parent**.

## 6.2.12 Textiles, Clothing and Footwear (TCF) Special Allowance

The Textiles, Clothing and Footwear (TCF) Special Allowance is not counted in the parental income test as special assessment applies (see [6.4.3](#)). This is paid under an Australian Government scheme to people retrenched from employment in the textiles, clothing and footwear industries.

## 6.2.13 Effect of negative income

Negative parental income is treated as zero income for AIC Scheme income testing purposes. The negative income of the applicant or the applicant's **Partner** cannot be deducted from the other's income.

## 6.2.14 Income averaging not permitted

For **student** assistance income testing purposes, parental income cannot be averaged over several years, as allowed for certain Australian Taxation Office purposes (eg primary producers).

Note: 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.

### **6.2.15 Income earned or received from overseas**

Gross income earned or received and taxed overseas (less any deductions allowed in that country), and the value of employer provided fringe benefits (see [6.6.1](#)) provided overseas must be included under the parental income test. In addition, income earned in an Australian external territory (eg Norfolk Island) or an overseas country where there are no taxation arrangements must also be included.

### **6.2.16 Converting overseas income and fringe benefits to Australian amounts**

Income earned and the value of fringe benefits provided overseas will need to be converted to Australian dollars if the income is included in an overseas country's taxation assessment notice or similar document.

If the income or fringe benefit is shown on an Australian Taxation Assessment Notice or similar document, it has already been converted from overseas dollars to Australian dollars. In these cases care should be taken not to double count the income.

When a person has income or an employer provided fringe benefit from an overseas source, the overseas figure is converted to Australian dollars at the average exchange rate for the year. The overseas figures are divided by the appropriate exchange rate.

See [6.9](#) for the rates to be used when converting currency under these guidelines.

## 6.3 Whose Income is taken into Account?

### Introduction

This Part outlines whose income is taken into account when using the Parental Income Test.

- [6.3.1](#) Applicant and **Partner** usually income tested
- [6.3.2](#) Situations where income test not applied to applicant and partner
- [6.3.3](#) Circumstances where separated or divorced parents both income tested
- [6.3.4](#) Circumstances where applicant's new Partner is income tested
- [6.3.5](#) Loss or change of applicant/applicant's Partner during the year of study
- [6.3.6](#) Incomplete information about income

### 6.3.1 Applicant and Partner usually income tested

In general, the parental income test will apply to the incomes of the **Approved applicant** and, where applicable, their **partner**. This will usually be the **student's** parents however, see [2.1](#) for details.

### 6.3.2 Situations where income test not applied to applicant and partner

The parental income test does not take into account the incomes of the **Approved applicant** and their **Partner** (see [2.1](#)) where the parental income test is waived (see 6.4).

### 6.3.3 Circumstances where separated or divorced parents both income tested

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 parents will be taken into account under the parental income test, regardless of who is considered to be the **Approved applicant** (see 2.1).

Likewise, 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.

### 6.3.4 Circumstances where applicant's new Partner is income tested

Where the **student's parents** are separated or divorced, they share joint **Custody** of the student, and one or both has a new **partner**, only the applicant and the applicant's new Partner will be income tested.

### 6.3.5 Loss or change of applicant/applicant's Partner during the year of study

Generally, the parental income test will apply to the **Approved applicant** and **Partner** as at 1 January of the year of study. However, AIC Scheme eligibility will be reassessed (subject to [6.3.2](#)) if the applicant and/or the applicant's Partner change during the **Period of eligibility**, that is, if the Approved applicant changes or gains or loses a partner. As a result, if the Approved applicant:

- loses a Partner by death or separation, AIC Scheme eligibility is reassessed from the date of the change in circumstance with the adjusted parental income taking account of the income of the applicant only; or
- gains a Partner (for example: remarries, or gains a defacto partner), AIC Scheme eligibility is reassessed from the date of change of circumstance with the adjusted parental income taking account of the combined income of the applicant and the new partner.

Note: Reassessment is based on the adjusted Family income for the previous tax year (see 6.1.2) unless special assessment (see 6.4.2) or current income assessment applies (see 6.7).

If the Approved applicant changes, the parental income test will apply to the new Approved applicant and, where applicable, partner, from the date of the change of circumstance.

The effect of a change in the applicant or the loss or gain of an applicant's **Partner** is illustrated in the following examples.

### **Example 1**

Up to 14 August Sonia's parents live together in an isolated area and Sonia's mother is an **Eligible applicant** under the AIC Scheme. On 14 August Sonia's parents separate and her father commences a defacto relationship on that date. It is decided that Sonia's father and his de facto wife will have responsibility for care of Sonia from that date.

Prior to 14 August Sonia's mother was entitled to the AIC Scheme on the basis of her income and that of Sonia's father. From 14 August onwards Sonia's mother is no longer eligible to receive AIC Scheme allowances in respect of Sonia. From that date Sonia's father becomes the Approved applicant and will need to submit a new AIC Scheme **claim**. Entitlement will be calculated on the basis of the incomes of Sonia's father *and* his new partner.

### **Example 2**

Jordan's **parents** separate on 14 February. Jordan's mother who is the **Approved applicant** retains **Custody**, pays his boarding fees, and Jordan stays with her in the school holidays. His **parents** reunite on 15 October.

The previous **tax year's** parental income test is applied to both parents' incomes to determine Jordan's entitlement for the periods 1 January to 13 February and 15 October to 31 December. The test is applied only to the mother's income for the period 14 February to 14 October.

### **Example 3**

Adam's parents separated on 19 April when he was 3 years old. Since that time Adam has been in the care of his mother who is the Approved applicant. Adam's father has limited contact with him but agrees with Adam's mother to pay Adam's boarding fees. On 16 August of the year of study Adam's parents reunite.

The previous tax year's parental income test is applied to Adam's mother to determine entitlement for the period 1 January to 16 August. The payments Adam's father is making in respect of his boarding fees during this 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 of Adam's parents.

## **6.3.6 Incomplete information about income**

Where, in respect of a person who is income tested:

- the person refuses to disclose income details; or
- income details are not known or not supplied; or
- acceptable proof of income is not provided (see 6.1.4);

Additional Boarding Allowance should not be paid (except if the income test is waived - see 6.4). Basic Boarding Allowance may be paid pending provision of income details and evidence.

## 6.4 Waiver of the Parental Income Test

### Introduction

This Part outlines the reasons and basis for waiving the Parental Income Test for calculation of the Additional Boarding Allowance.

- [6.4.1](#) Reasons parental income test waived
- [6.4.2](#) Special assessment
- [6.4.3](#) Circumstances where special assessment applies
- [6.4.4](#) Special assessment - concession cards
- [6.4.5](#) Basis for special assessment - CDEP
- [6.4.6](#) Duration of special assessment
- [6.4.7](#) Special assessment lapses - reassessment on parental income
- [6.4.8](#) **Student** in foster care
- [6.4.9](#) Applicant is an organisation/institution

### 6.4.1 Reasons parental income test waived

The parental income test is waived where:

- special assessment applies (see [6.4.2](#)); or
- the applicant or the applicant's **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 [6.4.9](#)); or
- an organisation/institution is considered to be an **Approved applicant** under [2.1.14](#) (see 6.4.9).

### 6.4.2 Special assessment

The special assessment concession waives the parental income test for any period during which either the applicant or the applicant's **partner**:

- receives one of the types of income support specified in [6.4.3](#); or
- holds a valid Health Care Card (see 6.4.4).

This means that the income test is not applied to either person's income and, subject to boarding costs (see 5.2.7), the **student** is entitled to the maximum Additional Boarding Allowance during that period.

### 6.4.3 Circumstances where special assessment applies

Special assessment applies for the period (at least one of) the applicant or the applicant's **Partner** is receiving assistance under:

- 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);
- Farm Help;
- Exceptional Circumstances Relief Payment;
- the New Enterprise Incentive Scheme (NEIS);
- a Textiles Clothing and Footwear (TCF) Special Allowance;
- Youth Allowance/Austudy/ABSTUDY;
- an allowance for full-time vocational training or education; or
- Community Development Employment Projects (CDEP) Scheme wage and meets the conditions outlined in 6.4.5.

The concession also applies for the period an applicant or their Partner holds a valid Health Care Card (HCC) for low-income earners (see [6.4.4](#)).

#### **6.4.4 Special assessment - concession cards**

Special assessment applies for the period the applicant or the applicant's **Partner** holds a valid Health Care Card (HCC) for low-income earners.

However, the special assessment concession does not apply:

- for a period after the expiry date on the card; or
- where a **Parent** holds a HCC because they receive a social security Mobility Allowance or Carer Allowance (in respect of a disabled child); or
- if the applicant or the applicant's Partner holds only a Pensioner Concession Card or a Commonwealth Seniors Health Card (CSHC).

#### **6.4.5 Basis for special assessment - CDEP**

A special assessment applies where the applicant or applicant's **Partner** is receiving a Community Development Employment Projects (CDEP) Scheme wage as a participant and which is not paid to administer a CDEP project.

#### **6.4.6 Duration of special assessment**

Special assessment will commence from 1 January of the year for which assistance is sought or the date the applicant or applicant's **Partner** commences receiving one of the types of income support specified in [6.4.3](#) (or commences to hold a valid Health Care Card), whichever is later.

Special assessment will lapse on the date the applicant or applicant's Partner ceases to receive the applicable type of income support (or ceases to hold a valid Health Care Card).

If the applicant or applicant's Partner continues to receive one of the types of income support specified in [6.4.3](#) (or continues to hold a valid Health Care Card) to the end of the year for which assistance is sought, Special Assessment will carry through to the end of the year.

Note: Where an applicant or their partner's Exceptional Circumstances Relief Payment ceases as a result of the drought recovery period ending, he or she is taken to be receiving a payment under that scheme 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.

#### **6.4.7 Special assessment lapses - reassessment on parental income**

Where special assessment lapses the parental income test is applied to determine eligibility for Additional Boarding Allowance from the date on which the applicant or applicant's **Partner** ceased to receive one of the types of income support specified in [6.4.3](#) or ceased to hold a valid Health Care Card. The parental income test should be applied to the adjusted parental income (see [6.2.1](#)) for the previous **tax year** unless current income assessment conditions are satisfied (see [6.7](#)).

#### **Example 1: Parents reunite after separating during year of study**

Joanne's mum is seeking AIC Scheme allowances for 2007. Her parents separate on 1 February 2007. Her mother receives a Parenting Payment (single) and Joanne remains with her. Her parents reunite seven months later on 1 September 2007.



**Assessment basis:**

1.1.07 - 31.1.07 normal assessment on both **parents'** incomes for 2006-07

1.2.07 - 31.8.07 special assessment (income test waived)

1.9.07 - 31.12.07 normal assessment on both parents' income for 2006-07

**Example 2: Parent gains employment**

Cameron's father is seeking AIC Scheme allowances for 2007. Cameron's father becomes unemployed on 11 April 2007, and receives Newstart Allowance. He starts work again on 23 May. His mother has a part-time job.

**Assessment basis:**

1.1.07 - 10.4.07 normal assessment on both parents' incomes for 2006-07

11.4.07 - 22.5.07 special assessment

23.5.07 - 31.12.07 current income or normal assessment (special assessment may again apply if another period of unemployment occurs later in the year and Newstart Allowance is received).

**6.4.8 Student in foster care**

A **student in State Authorised Care** or foster care arrangement may, subject to boarding costs (see [5.2.7](#)), receive maximum Additional Boarding Allowance if the foster carer is *not in receipt* of a foster care allowance (or other similar allowance intended for the upkeep or personal use of the student) from a government authority (see [5.2.6](#) for eligibility for Additional Boarding Allowance and evidence requirements).

In this circumstance the applicant should be the official foster **Parent** (or his/her **partner**) and the parental income test is waived.

**6.4.9 Applicant is an organisation / institution**

Where an organisation or institution is the **Approved applicant** under [2.1.14](#), the parental income test is waived and maximum Additional Boarding Allowance is payable subject to boarding costs (see [5.2.7](#)).

## 6.5 Negative Gearing

### Introduction

This Part outlines the use of an applicant's negative gearing information in the Parental Income Test for calculation of the Additional Boarding Allowance.

- [6.5.1](#) Introduction to negative gearing
- [6.5.2](#) Definition of rental property
- [6.5.3](#) Definition of passive income earning investment
- [6.5.4](#) Valuing rental property losses (negative gearing)
- [6.5.5](#) Self declaration
- [6.5.6](#) Compliance

### 6.5.1 Introduction to negative gearing

An applicant or their **Partner** who reduces their taxable income by claiming a loss against rental property or a passive income earning 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, where applicable, his/her partner.

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

Any substantial changes in taxable income deductions from negative gearing may warrant reassessment because of the effect on current or reverse current income.

### 6.5.2 Definition of rental property

For the purposes of the AIC Scheme '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 house-boat;
- overseas rental property; or
- any other similar rental property.

### 6.5.3 Definition of passive income earning investment

For the purposes of the AIC Scheme a 'passive income earning investment' is an investment where the person spends less than 17.5 hours, on average, each week working on that investment.

### 6.5.4 Valuing rental property losses (negative gearing)

Only the amount allowed as a taxable income deduction claimed by the relevant taxpayer (i.e. the applicant or **partner**), will be added to their income for AIC Scheme purposes. For example: a relevant person's taxable income may be reduced by \$4,000 in share investment losses (negative gearing) - this amount will be added to that person's income for AIC Scheme purposes.

### **6.5.5 Self declaration**

The applicant or his or her **Partner** is required to self-declare on the **claim**, the net amount of negative gearing claimed against other taxable income in their individual or partnership income tax return.

### **6.5.6 Compliance**

The **Centrelink** Debt Recovery Unit will conduct compliance checks with the Australian Taxation Office (ATO).

## 6.6 Fringe Benefits

### Introduction

This Part outlines the use of an applicant's fringe benefits information in the Parental Income Test for calculation of the Additional Boarding Allowance.

- [6.6.1](#) Introduction to fringe benefits
- [6.6.2](#) Valuing fringe benefits
- [6.6.3](#) First \$1,000 of reportable fringe benefits exempt
- [6.6.4](#) Fringe benefits tax accounting period
- [6.6.5](#) Overseas fringe benefits
- [6.6.6](#) Types of benefits to be included
- [6.6.7](#) Exclusion of fringe benefits from assessment

### 6.6.1 Introduction to fringe benefits

Fringe benefits include the value of any employer provided benefit received during the base **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) from their employment.

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

Common forms of salary sacrifice or fringe benefits include:

- leasing of vehicles;
- extra superannuation contributions;
- investments;
- expense benefits;
- housing assistance; and
- low interest loans.

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

The amount to be declared is the 'Reportable fringe benefits total' as reported on the employee's group certificate. The reportable fringe benefit is used for the purposes of the AIC Scheme parental income test.

### 6.6.2 Valuing fringe benefits

The employer is now responsible for reporting fringe benefits on an employee's group certificate. The amount that is reported on the group certificate is the grossed-up value of the fringe benefit and is referred to as the 'reportable fringe benefit total'.

#### **Fringe benefit tax rate**

The FBT rate is the fringe benefits tax rate set by the *Fringe Benefits Tax Act 1986*. It is the highest marginal tax rate including the Medicare levy. The FBT rate for the FBT year ending 31 March 2006 is 48.5 per cent.

A fringe benefits **tax year** runs from 1 April to 31 March. Where applicants elect to give an employer statement of the value of their fringe benefits, the relevant fringe benefits tax year is the one completed in the relevant year of income. So, for example, for a 2007 AIC Scheme assessment, the relevant year of income will ordinarily be 2005/2006. The relevant fringe benefits year will be the one that ended on 31 March 2006. The exception to this is current income based assessments (see [6.7](#)).

### **6.6.3 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 Group Certificate. The reportable fringe benefits will be reduced by the maximum tax rate and the adjusted fringe benefits will be added to the parental income.

### **6.6.4 Fringe benefits tax accounting period**

In respect of the reportable fringe benefits, the assessable value of such is normally measured against the fringe benefit tax accounting period (1 April to 31 March) ending prior to the year for which assistance is sought. This may vary if current income assessment applies (see [6.7](#)). The reportable fringe benefits total is found on the group certificate provided by the employer.

### **6.6.5 Overseas fringe benefits**

Where an applicant or their **Partner** is working overseas and getting any fringe benefits listed in 6.6.5, the Australian equivalent (see [6.2.16](#)) of the value of the benefits is to be included.

### **6.6.6 Types of benefits to be included**

The types of fringe benefits include but are not limited to:

- car fringe benefits;
- debt waiver benefits;
- loan fringe benefits;
- expense payment fringe benefits;
- housing fringe benefits;
- living-away-from-home allowance benefits;
- airline transport benefits;
- board fringe benefits (certain meals);
- car parking fringe benefits;
- property fringe benefits;
- residual fringe benefits.

Reporting fringe benefits is the responsibility of the employer. If further information is required in regard to fringe benefits, the employee should seek advice from the employer or the Australian Taxation Office.

### **6.6.7 Exclusion of fringe benefits from assessment**

Ministers of religion are treated the same as any other employee for the purposes of assessing adjusted fringe benefits.

The assessment of adjusted fringe benefits for ministers of religion is also based on the grossed fringe benefit recorded on their group certificate. Certain benefits received by ministers of religion are exempt under section 57 of the Fringe Benefits Tax Assessment Act. These benefits will not appear on their group certificate, and therefore will not be assessed as adjusted fringe benefits.

## 6.7 Current Income Assessment

### Introduction

This Part outlines the current income assessment process in the Parental Income Test for calculation of the Additional Boarding Allowance.

- [6.7.1](#) Assessment based on current **tax year**
- [6.7.2](#) Parental current income concession - fall in income
- [6.7.3](#) Circumstance causing hardship
- [6.7.4](#) Substantial drop in parental income
- [6.7.5](#) Duration of fall in income
- [6.7.6](#) Current income concession - date of effect
- [6.7.7](#) Estimated income
- [6.7.8](#) Approval of estimated income
- [6.7.9](#) Reverse current income (increase in income)

### 6.7.1 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:

- the person(s) being income tested suffer a substantial and lasting fall in income and the current income concession is approved (see [6.7.2](#)); or
- the adjusted parental income for the current tax year is 25% or more than for the previous tax year and the reverse current income rule is applied (see [6.7.9](#)).

There is *no* provision for the parental income test to be applied to any period later than the current tax year accounting period.

### 6.7.2 Parental current income concession - fall in income

The current income concession applies where it would be unreasonable to assess eligibility for Additional Boarding Allowance on the basis of adjusted parental income for the normal income test period because:

- the drop in parental income is substantial (see [6.7.4](#)); 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 [6.7.5](#)).

### 6.7.3 Circumstance where current income concession can be approved

Circumstances under which current income assessment may be approved are:

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

Loss of an applicant or applicant's **Partner** through death or separation does not warrant current income assessment (see [6.3.5](#)), unless the remaining applicant also suffers a significant and sustained fall in income that would make current income advantageous.

### 6.7.4 Substantial drop in parental income

To constitute a substantial drop for the purposes of current income approval, the parental income for the relevant period should *generally* be at least 25% lower than that for the normal assessment period.

While a drop of this size is a *general* yardstick, assessors should exercise discretion when the drop is less than 25%. Clearly, for people on lower incomes a lesser drop can have a substantial effect on their standard of living. Also, where the drop occurs late in the **tax year** or where the difference in tax year totals is influenced by ‘one-off’ income (such as redundancy or termination payments) the drop may be more substantial than is immediately apparent when comparing tax year totals.

Note: Current income approvals should be given sympathetic consideration. The crucial factors are whether parental income for the normal test period is a reasonable approximation of Family means and whether the drop in income is significant enough to affect entitlement.

### **Example**

Mr and Mrs Presley had an income of \$30,000 in the normal assessment year. On 30 November in the following tax year Mr Presley retires. The income of the parents for that year is \$12,000 for the period 1 July - 30 November and then \$175 a week from superannuation for the period 30 November - 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 and current income assessment should be granted.

### **6.7.5 Duration of fall in income**

The circumstance causing a fall in income must be one that could reasonably be expected to last for at least two years. If the applicant claims that the fall in income is **likely** to last at least two years, this 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 (eg in the case of primary producers due to market factors) should not be approved unless there are special circumstances (eg expert forecasts of a prolonged slump).

Where current income assessment has been granted on the expectation that the drop in income will last at least two years, any subsequent change in circumstances (eg an unemployed **Parent** finds a new job in a shorter time-frame than originally expected) will not affect the current income assessment, unless there is evidence to suggest that the original request was not made in good faith.

However, the change in circumstances may mean an increase in the income on which the assessment is based. In such cases, a re-estimate of income for the current income **tax year** may be necessary (see [6.7.7](#)).

### **6.7.6 Current income concession - date of effect**

If the date of the fall in income occurs prior to or on 1 January of the year in which assistance is sought, the date of effect for current income assessment is 1 January. In this circumstance, entitlement for the whole eligibility period is assessed on the adjusted parental income (see [6.2.1](#)) for the current **tax year** (see 6.7.1).

If the date of the fall in income occurs after 1 January of the year in which assistance is sought, the date of effect for current income assessment is the date of the fall in income.

In this circumstance:

- entitlement for the **Period of eligibility** prior to the date of the fall is assessed on the adjusted parental income (see 6.2.1) for the normal tax year (see 6.1.2); and
- entitlement for the Period of eligibility from the date of the fall is assessed on the adjusted parental income (see 6.2.1) for the current tax year (see 6.7.1).

In most cases the date from which income has dropped will be readily 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 the product and the period of production to which the income related when the adverse effect became apparent. If no precise date were available, the date chosen would be the first day of the most appropriate month.

### 6.7.7 Estimated income

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

As a result applicants for this concession should be clearly warned at the outset of the possibility of overpayments resulting from under-estimates of income or from unexpected changes in circumstances.

Where an applicant has been assessed on an estimate of income in the current income year he/she should provide acceptable proof of income (see [6.1.4](#)) as soon as possible after the end of the current **tax year** (see 6.7.1).

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

- the actual adjusted parental income for the current tax year (i.e. the tax year ending in the year for which benefits are sought); or
- the actual adjusted parental income for the previous tax year (i.e. the tax year ending in the year prior to the year for which benefits are sought).

Note: in exceptional cases the provisions of 6.4 (waiver of parental income test) or 6.7.9 (reverse current income assessment) may override this assessment.

### 6.7.8 Approval of estimated income

In determining whether to approve current income assessment the assessor should consider whether an estimate of income provided is a reasonable one. An applicant's estimate should take into account the following:

- the actual income of the **Approved applicant** and, where relevant, the applicant's **Partner** for that part of the current income year up to the date of the drop;
- any taxable component of redundancy or separation payouts (eg superannuation or lump sum leave entitlements);
- indexation increases in remaining wages; and
- anticipated income from the date of the drop until the end of the **tax year** (including earnings from casual employment or occasional overtime).

Where an assessor believes the estimate may not be accurate, he or she should act to avoid overpayments by discussing the matter with the applicant and, where appropriate, seeking a new estimate.

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

#### **Example 1: Drop in income before the year for which benefits are sought**

Marina's mother is seeking AIC Scheme allowances for 2007. Marina's mother gives up full-time employment in November 2006. Marina's entitlement for the whole of the 2007-year of study is assessed on the incomes of both **parents** for the 2006/07 tax years.



If Marina's mother resumes full-time employment during the year of study, assessment may still be made on current income provided the original request for current income assessment was made in good faith in the expectation that the drop in income would last at least two years, and current income assessment is more advantageous to Marina than normal assessment.

**Example 2: Drop in income between 1 January and 30 June of the year benefits are sought**

Reid's father is seeking AIC Scheme allowances for 2007. Reid's father retires on 13 February 2007 and subsequently receives superannuation.

Entitlement up to 13 February is assessed in the normal way on his parents' income during the 2005/06 tax years.

Entitlement from 13 February to 31 December 2007 is assessed on his parents' income for the 2006/07 tax years. Should Reid's father re-enter the workforce the same principles apply as outlined in the previous example.

**6.7.9 Reverse current income (increase in income)**

A reverse current income assessment is applied where the adjusted parental income (see [6.2.1](#)) for the current **tax year** (see 6.7.1) is *more than 25%* of the adjusted parental income for the normal tax year (see 6.1.2).

However, if the adjusted parental income for the normal tax year is less than the Parental Income Free Area (see 6.2.3), the adjusted parental income for the current tax year must also be *more than 25%* of the PIFA.

Where a reverse current income assessment is relevant, the entitlement is to be reassessed from 1 October. That is, normal tax year assessment will apply for the eligibility period prior to 1 October.

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

Note: There is no provision for the parental income test to be applied to any period later than the current tax year (i.e. the tax year ending in the year for which benefits are sought) (see [6.7.1](#)).

**Example 1**

Adrian's father is seeking AIC Scheme allowances for 2007. His father's entitlement is assessed on the basis of parental income of \$17,000 for the 2005/06 **tax years**. Subsequently his **parent's** income increases to \$32,000 in the 2006/2007 tax years. Reverse current income does not apply as the current income is not more than 25% higher than the parental income test threshold of \$29,550.

**Example 2**

In 2006 Mr Bushell, a sole Parent is receiving maximum Additional Boarding Allowance in respect of his daughter Maxine on the basis of his 2004/05 income. During the 2005/06 tax years Mr Bushell works on a very important project that requires him to work substantial amounts of overtime. Mr Bushell resigns on 20 May and receives a substantial lump sum termination payment that is taxable.

As Mr Bushell's 2005/06 income is more than 25% higher than in 2004/05 his entitlement must be reassessed using the 2005/06 tax year figure. This increased income leaves Mr Bushell eligible for only the Basic Boarding Allowance from 1 October 2006.

Mr Bushell finds himself unable to obtain new employment and expects to have a substantially lower taxable income for the 2006/07 tax year. This lower income cannot be considered however, as there is no provision for income after the 2005/06 tax years to be taken into account.

Mr Bushell receives a Low income Card from 11 September and special assessment applies. From this date he is therefore eligible for maximum Additional Boarding Allowance again.

## 6.8 Current AIC Scheme Income Limits

### Introduction

This Part outlines the current AIC Scheme income limits and interest rates used in the Parental Income Test for calculation of the Additional Boarding Allowance.

- [6.8.1](#) Parental Income Free Area
- [6.8.2](#) Upper income limit

### 6.8.1 Parental Income Free Area

The level of parental income at or below which the maximum rate of Additional Boarding Allowance can be paid is known as the Parental Income Free Area (PIFA). Entitlement is reduced by \$1 for every whole \$4 of parental income over the PIFA. In 2007 the PIFA is \$30,750.

Any adjustments for dependent children/**students** (see [6.2.7](#)) increase the PIFA.

### 6.8.2 Upper Income Limit

Additional Boarding Allowance is payable only where the parental income is at or below the Upper Income Limit.

In 2007 the Upper Income Limit is \$35,309.

Any adjustments for dependent children/**students** (see [6.2.7](#)) also increase the Upper Income Limit.

If the parental income exceeds the Upper Income Limits then only the Basic Boarding Allowance is payable.

## 6.9 Currency Exchange Rates

Currency Exchange Rates are available on the Australian Taxation Office web site at [www.ato.gov.au](http://www.ato.gov.au).

## Attachment A: The structure of Australian schooling

School year level	NSW, Vic., Tas., ACT, NT	SA, NT, WA, Qld
12		
11		
10	Secondary	Secondary
9		
8		
7		
6		
5		
4	Primary	Primary
3		
2		
1		
Pre-year 1	Kindergarten(NSW, ACT) Preparatory (Vic., Tas.) Transition(NT)	Reception(SA) Transition(NT) Pre-Primary (WA) Preparatory (Qld)

In some areas, local arrangements may differ from that shown.

## Attachment B: Changes (minor) from the AIC Scheme 2006 Guidelines

Section	Change
General changes	Where appropriate all references to 2006 have been replaced with 2007.
	The table of contents has been updated to reflect format and rewording changes.
	References to financial years have been updated.
	Formatting fix on all defined terms that should be bolded for consistency with the rest of the document.
	Section and clause numbering has been changed to reflect changes detailed below.
Cover Page	Branch name updated in accordance with Departmental structural changes.
Section 1.1 Definitions	Period of eligibility has been simplified through rewording.
Section 1.2 Outline of the AIC Scheme	The first paragraph of 1.2.1 has been moved to the Introduction of this Section.
1.2.2 Who can get AIC	Change to third dot point to include fully defined term.
1.2.6 Delegations relating to AIC	Note deleted. Section merged into Section 1.2.5.
1.3.2 Who can complete a claim	Last paragraph deleted.
1.3.3 Tax File Numbers	Information removed that was not relevant to AIC policy.
1.3.4 TFN Application/ Enquiry forms	Deleted as policy has been merged with Section 1.3.3.
1.3.5 Supporting evidence required	Reworded to clarify the type of claim requiring evidence under the third dot point.
1.3.6 Claim closing date	Reworded to clarify the closing date.
1.4.2 Prescribed Events	Reworded.
1.4.5 Confidentiality	Reworded.
1.5.1 Reassessment	Section retitled for clarification.
1.5.5 Appeals to the SSAT and AAT	Deleted as was duplicated in other Sections.
Former Section 1.5.6 Appeals to the Federal Court	Moved, reworded and renumbered to 1.5.9.
Former Section 1.5.8 Recovery of debt	Renumbered to 1.5.6 and reworded.
Former Section 1.5.9 Review of debt recovery decisions	Renumbered to 1.5.8 and reworded.
Former Section 1.5.10 Types of debt recovery decisions	Moved and renumbered to 1.5.7.
2 Applicant Eligibility	Reformatted.
Former Section 2.1.1 Who can apply for AIC?	Deleted as repeated throughout the Section 2.1.
Former Section 2.1.3 Who cannot be an approved applicant?	Renumbered to 2.1.2 and reworded.
Former Section 2.1.10 Applicant who is not a Parent or parent's partner	Renumbered to 2.1.9 and reworded.

<b>Section</b>	<b>Change</b>
Former Section 2.1.11 Approved applicant for child who lives continuously in a Special Institution	Deleted as repeated in another section.
Former Section 2.1.12 Foster parent(s) as approved applicant	Deleted as repeated in another Section.
2.2.2 New Zealand citizens	Reworded for clarity.
2.2.4 Applicant must normally live in Australia	The paragraph on the Principal family home has been reworded for clarity.
2.3 The effect of other Australian Government Assistance on an Applicant's eligibility	Reworded for clarity.
Former Section 2.3.1 Other Australian Government assistance resulting in loss of eligibility	Moved, renumbered to 2.3.3 and retitled to Australian Government payments which exclude eligibility to AIC.
2.3.2 Effect of other Australian Government assistant on eligibility	Deleted as repeated in another section.
Former Section 2.3.4 Other Australian Government assistance affecting level of entitlement	Moved and renumbered to 2.3.2.
2.4 Death of Approved Applicant	Introduction amended.
3.2.4 International student exchanges	Minor rewording for clarity.
3.3.2 Extension to age limit	Last paragraph deleted as that information is in other sections.
3.4 Approved Studies	Typo amended.
3.7.5 Eligibility for any vacation during the year	Dot point reworded for clarity.
3.7.7 Cessation of eligibility	First dot point expanded for clarity.
4.1 Isolation Conditions – Summary and Definitions	The second paragraph in the introduction has been deleted as information is in other sections.
4.1.1 Reasonable daily access	Reworded for clarity.
4.1.3 Nearest Appropriate state school – several schools within 56 kilometres	Example reformatted to be consistent with the style of the Guidelines.
4.2.1 Rule 1 and 2 – Nearest available transport service	Minor rewording for succinctness.
Former Section 4.2.5 Rule 3 - Overview	Deleted as repeated in other Sections.

<b>Section</b>	<b>Change</b>
Former Section 4.2.7 Rule 3 – Measuring travel time	Renumbered to 4.2.6 and includes a reference of where to go for policy on travel times varying.
Former Section 4.2.9 Rule 3 – Alternating transport services	Moved and renumbered to 4.2.7.
Former Section 4.2.10 Rule 3 – Circumstances beyond the family’s control	Renumbered to 4.2.9 and note made into paragraph within the Section to emphasise importance.
Former Section 4.2.11 Rule 3 – Evidence student does not have reasonable access to school	Renumbered to 4.2.10 and paragraphs deleted where duplicated in other sections.
Former Section 4.2.12 Rule 3 – Applications on special weather conditions causing impassable roads	Section deleted with parts merged into other relevant Sections.
Former Section 4.2.13 Rule 3 – Special weather conditions and likelihood of school absence	Expanded to provide clarification of policy and conciseness on evidence requirements.
Former Section 4.2.14 Rule 3 – Impassable roads – evidence that attendance is likely to be adversely affected	Renumbered to 4.2.12 and note deleted as duplicated in other Sections.
5.3.3 Approved Second family home	Reworded for clarity.
5.6 Current AIC Allowance Rates	Rates have been amended for 2007 calendar year.
6.4.3 Circumstances where special assessment applies	First dot point reworded for clarity.
6.7.9 Reverse current income (increase in income)	Income amounts updated in the examples.