



Briefing Papers

Boarding Schools, School Term Hostels and Second Home Portfolio

The Isolated Children's Parents' Association of Australia, ICPA (Aust), is a voluntary, apolitical, national parent organisation advocating on behalf of our members for equity of access to appropriate education for children living in rural and remote areas.

A unified and collaborative approach to the education of rural and remote students is vital to the retention of a skilled workforce in the remotest areas of Australia. Providing families with the means to provide their children equitable educational opportunities and outcomes to their urban counterparts will serve to foster a skilled and experienced labour force regardless of geographical location. All State and Territory Governments need to be united in their pledge to empower these families so students who must live away from home to access an appropriate education regardless of where they live, feel supported and valued.

SUMMARY

1. Access to Compulsory Education - Assistance for Isolated Children (AIC) Scheme

- **Increase the AIC Allowance**
- **AIC Second Home Allowance should be paid at the same rate as the AIC Basic Boarding Allowance**
- **AIC criteria expanded to allow more rural and remote students to be eligible for assistance**
- **Separate Category for Geographically Isolated Students under AIC:** The unique needs of geographically isolated students should be recognised by categorising them separately under the AIC Allowance for geographically isolated Distance Education and Boarding students.
- **Online AIC Application/Renewal Process**
- **Review of the AIC Scheme:** A review of the AIC Scheme is called for to ensure the allowance is meeting the needs of those it was established to help, as the gap between the amount the AIC Allowance covers and the actual cost of educating geographically isolated children continues to widen. While ICPA (Aust) would certainly not like to see any of the current eligibility criteria for the AIC removed or diminished, we believe a review is timely to ensure the Scheme is adequately meeting the needs of all geographically isolated students.

2. School funding model/s and impacts on regional and rural boarding schools

Safeguards are needed to ensure educational equity is not reduced for rural and remote students as the Direct Measure of Income school funding methodology is implemented so that these students are still able to access appropriate schooling.



3. Resources for mental health programs in boarding schools

The provision of resources for mental health programs in boarding schools is vital. Support mechanisms and coping tools should be available and offered to students within boarding schools including processes to help children navigate through times of hardship.

4. Fringe Benefits Tax

Employers in geographically isolated areas assisting with the educational costs of children of employees should be exempt of fringe benefit tax for these payments.

5. Provision of additional resources to Boarding Schools for students with disability

ISSUE 1 - Access to Compulsory Education - Assistance For Isolated Children (AIC) Scheme

The AIC Scheme was implemented in 1973 to assist rural and remote families with the extra costs of educating their children who are geographically isolated from an appropriate government school.

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

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

The AIC Allowance must adequately address the out-of-pocket expenses incurred by rural and remote families to access equitable educational opportunities for their children, whether they need to study via distance education, board away from home or the family sets up a second home in order to access schooling. While the AIC Allowance increases annually with the Consumer Price Index (CPI), it is important to note there has been no significant increase to the AIC Allowance for many years, even though essential costs of educating geographically isolated children have continued to rise steadily.

Boarding

Many rural and remote families must send their children away from home for their compulsory secondary education as they have no adequate daily access to a mainstream school. In Queensland alone, there are eight shires with no high school. Boarding School is a necessity for these students.

Families find it extremely difficult to afford ever-increasing boarding school fees, and this financial strain is exacerbated when more than one child is enrolled in boarding. Unfortunately, some families are forced to divide the family unit and move to a town in the bid to access affordable and appropriate schooling, or in some cases make the unenviable decision of choosing between sibling/s to attend boarding school as they cannot afford the cost of boarding for all of their children. This situation creates extreme distress, uncertainty and upheaval for students and their family and also negatively impacts the small communities and rural schools these families are associated with.



The disparity between the AIC Basic Boarding Allowance and actual Boarding School fees across Australia continues to grow. This gap impacts the intent and effectiveness of the allowance. Rural and remote families must contribute significantly more towards the cost of their children's compulsory education each year as the cost of educational provision and services rise.

While the AIC is indexed annually in line with the Consumer Price Index (CPI), boarding school fees continue to rise at a far greater rate than the CPI. On average, boarding facilities increase their fees by 4-8% per annum. The continual upward trend of boarding fees is further exemplified by data obtained from the Queensland Isolated Children's Parents' Association which showed that in 2018 across Queensland boarding schools, boarding fees rose at an average of 6% in that year.

The table below shows a comparison between the average boarding fees in Australian States and Territories and the assistance received through the AIC Basic Boarding Allowance.

Comparison of average Boarding fees and Assistance For Isolated Children (AIC) Scheme								
Basic Boarding Allowance 2015	Basic Boarding Allowance 2022	% Increase of AIC 2015-2022	State	Average Boarding Fee 2015	Average Boarding Fee 2022	% Increase of Boarding fees 2015-2022	% Boarding Fees covered by AIC 2015	% Boarding Fees covered by AIC 2022
\$7 897	\$8 856	12%	Vic	-	\$26 412	-	-	33%
			SA	\$19 991	\$23 304	16%	39%	38%
			ACT	-	\$28 885	-	-	33%
			Qld	\$17 288	\$21 235	22%	46%	41%
AIC – Basic Boarding Allowance 2014	AIC – Basic Boarding Allowance 2022	% Increase of AIC 2014-2022	State	Average Boarding Fee 2014	Average Boarding Fee 2022	% Increase of Boarding fees 2014 - 2022	% Boarding Fees covered by AIC 2014	% Boarding Fees covered by AIC 2022
\$7 667	\$8 856	15%	NSW	\$20 331	\$24 345	19%	38%	36%
AIC – Basic Boarding Allowance 2016	AIC – Basic Boarding Allowance 2022	% Increase of AIC 2016-2022	State	Average Boarding Fee 2016	Average Boarding Fee 2022	% Increase of Boarding fees 2016 - 2022	% Boarding Fees covered by AIC 2016	% Boarding Fees covered by AIC 2022
\$8 015	\$8 856	10%	WA	\$19 636	\$23 315	18%	40%	38%
AIC – Basic Boarding Allowance 2015	AIC – Basic Boarding Allowance 2021	% Increase of AIC 2015-2021	State	Average Boarding Fee 2015	Average Boarding Fee 2021	% Increase of Boarding fees 2015-2021	% Boarding Fees covered by AIC 2015	% Boarding Fees covered by AIC 2021
\$7 897	\$8 557	8%	Tas	\$15 467	\$19 533	26%	51%	44%
			NT	\$14 233	\$24 830	74%	55%	34%



RECOMMENDATION

An urgent increase to the AIC Basic Boarding Allowance of at least \$4000 to cover at least 55% of the average boarding fee followed by indexation to the CPI Sub Index: Education to truly reflect the costs of education.

AIC Second Home Allowance

The AIC Second Home Allowance assists families with the cost of setting up a second home away from their principal place of residence where a family member lives with the children so that they can attend a school on a day-to-day basis. The option of establishing a second home while children are of school age is paramount in retaining families in rural and remote areas of Australia. Boarding school is not a suitable environment for every student. In many cases, the mother and children live in a second home during school times, returning to their rural area during school breaks and holidays. This allows the family to access schooling, maintain their connection and support with their rural community and work and live in a rural area. If the Second Home Allowance were not available, more families would move their entire family permanently to an area where appropriate schooling was available, further impacting the sustainability of these communities.

ICPA (Aust) is seeking that the Second Home Allowance be paid at the same rate as the Basic Boarding Allowance to alleviate the rising costs of living.

Boarding school is not a suitable environment for every student, resulting in some families establishing a second home to access compulsory schooling for their children. Living costs continue to rise, and incomes for geographically isolated families are comparatively low, with some farming families facing years of negative income as a result of drought. Currently, the AIC Second Home Allowance is paid at a substantially lesser rate than the AIC Boarding Allowances. For the 2023 year, the difference between the AIC Basic Boarding Allowance and the AIC Second Home Allowance is \$2280.

RECOMMENDATION

That the AIC Second Home Allowance be paid at the same rate as the AIC Boarding Allowance.

ICPA (Aust) has concerns about the scope of assistance for families educating rural and remote children. We would certainly not like to see any of the current eligibility criteria for the AIC removed or diminished; however, we would like to see the allowance criteria expanded to allow more disadvantaged rural and remote students to be eligible for assistance.

Due to the nature of the educational facilities in remote towns, students face limited subject choices and reduced educational opportunities. Rural and remote students who are accepted into specialised programs not offered at their local school who need to board away from home to access these programs should be eligible to receive AIC. Furthermore, a remoteness index applied to facilitate AIC eligibility would address the educational disadvantage some students face in rural and remote locations. An expansion of the criteria would:



- Address the inequities faced by families who live in or near rural and remote communities, where secondary schools are unable to meet the educational needs of individual students, by allowing them to access the AIC Boarding Allowance or the Second Home Allowance.
- Consider socio-economic factors, the Index of Community Socio-Educational Advantage (ICSEA) of a school and schools in or near those remote and very remote communities identified as severely educationally disadvantaged, in the “Educate Australia Fair”, Bankwest Curtin Economic Centre Study.

RECOMMENDATION

Expansion of the AIC Scheme Criteria, including the Limited Program Schools Criteria, to allow more rural and remote students to be eligible for assistance.

Separate Category for Geographically Isolated Students under AIC

While ICPA (Aust) does not begrudge any student receiving the AIC if they fulfil the existing criteria, geographically isolated students’ educational needs and costs are very different to other categories of students who are not geographically isolated. It is imperative that geographically isolated students are able to be identified as a separate category to ensure their unique needs can be recognised and treated with autonomy.

Online AIC Application/Renewal Process

A prompt, efficient, streamlined process of application and renewal through the migration to an online application and renewal platform and an improved customer service/helpline are essential to ensure the AIC application and renewal processes are efficient, flexible and unproblematic for eligible families.

Currently, when applying for the AIC Allowance, forms need to be downloaded from the Services Australia website or collected from the nearest service centre. Applications then must be submitted by manually uploading to Centrelink, post, fax or delivered in person which impacts the processing of the application considerably. Renewal forms are still physically mailed to recipients and then need to be manually uploaded, posted, faxed or delivered in person. Major errors with the distribution of AIC correspondence due to these manual processes have occurred in recent years resulting in ICPA (Aust) needing to correspond directly with personnel in the Services Australia to resolve these issues on behalf of its members. ICPA (Aust) requests the Services Australia implement an automatic online and phone option for applications and renewals for the AIC Allowance as an adjunct to the current paper-based, manual system.

Review of AIC Scheme

The gap between the AIC Allowance and the actual cost of educating geographically isolated children continues to widen. Since its inception in 1973, formal reviews of AIC have been infrequent and ICPA (Aust) understand there has not been a formal review of the Scheme in over 30 years. While ICPA (Aust) would certainly not like to see any of the current eligibility criteria for the AIC removed or diminished in any review, a Review of the AIC Scheme is urgently needed and timely to ensure the scheme continues to adequately meet the needs of those it is designed to assist, namely geographically isolated students.



RECOMMENDATIONS

- The expansion of AIC Criteria to allow more rural and remote students to be eligible for assistance.
- A separate Category for Geographically Isolated Students under AIC.
- Improvements to AIC Application/Renewal Process.
- A review of the AIC Scheme be conducted to ensure the allowance is meeting the needs of the geographically isolated students it was established to help.

ISSUE 2 - School Funding Model/s and Impacts on Regional Boarding Schools

ICPA (Aust) represents many families whose children, due to geographical isolation, must attend Regional Independent Boarding Schools to access their compulsory secondary education. Safeguards are needed to ensure educational equity is not reduced for rural and remote students so that these students are still able to access appropriate schooling when any funding methodology is implemented. It is crucial that the Direct Measure of Income school funding methodology does not inadvertently diminish school viability or educational choice for geographically isolated students.

ICPA (Aust) believes the boarding operations in schools must be taken into consideration in conjunction with in-school costs in any funding model to ensure that for those rural and remote students who rely on these boarding schools, it can remain affordable and accessible.

Further to this, provision needs to be made to ensure due consideration is given to the fluctuating incomes and possible inflated and inaccurate income data that the Capacity to Contribute (CTC) arrangements in the new school finding model may generate in relation to families involved in primary production. This could result in funding shortfalls for rural, regional and remote (RRR) schools not being identified and therefore not being adequately addressed in the Regional Schooling Resource Standard Loadings.

Many rural and remote families are involved in primary production industries such as agriculture. The use of taxable income to determine their CTC is an inaccurate measure for a number of reasons. Income and operating expenses within the agricultural industry are highly variable and fluctuate from year to year depending on factors such as the season and commodity prices. Many agricultural operations are private enterprises, often asset rich and cash poor and disposable income is low.

Furthermore, the income of families involved in primary production is almost completely dependent on the weather, commodity prices, bushfires, drought, floods and other rural hardships which are entirely uncontrollable and unpredictable in nature. Often with family-owned agricultural businesses and other rural businesses in small towns, the “income” is actually the business earnings and any profit is reinvested back into the business rather than personal income to be used by a family for other needs. Rural and remote families are in an unusual position in that their children need to source an education, which comes at a considerable cost but they have very little disposable income even in productive years. ICPA (Aust) is



extremely concerned that any reduction in Independent RRR School funding as a result of CTC arrangements within the new funding model will compromise the ability of schools to provide adequate resourcing such as technology requirements, specialist services and teacher professional development. The inevitable consequence will be that schools will have no other choice but to increase fees. Reduced enrolments as a result of rising school fees will inevitably make many of these schools unviable, further limiting educational choices for rural and remote students.

RECOMMENDATIONS

- That recurrent funding for schools be extended to include the provision of boarding to ensure the continued viability of independent regional boarding schools and the accessibility and affordability of these schools for geographically isolated students.
- That the Capacity to Contribute methodology recognises the financial circumstances of geographically isolated families when applied to Independent RRR Schools and independent regional boarding schools which cater for geographically isolated students who board at the school.
- An immediate increase of the AIC Basic Boarding Allowance of at least \$4000 per geographically isolated recipient to address the rising expenses for families along with incremental annual increases to the AIC Additional Boarding Allowance of \$500 per recipient to recognise the expected increase in boarding school fees incurred by their families to ensure affordable access to a compulsory education for their children.

ISSUE 3 - Resources for Mental Health Programs in Boarding Schools

Provision of resources for mental health programs in boarding schools is vital. For geographically isolated students who have limited choice other than to attend boarding school to access their compulsory education, this can be a challenging experience. For many, leaving home from as young as 11 years of age to attend boarding school will be the biggest change they will make in their lifetime. It is vital that robust, consistent support mechanisms and coping tools are in place as these children grow into young adults without the comfort of family on hand to help them through these tough times.

Our members see first-hand the impact that a lack of support while attending boarding school has on their children. In the most recent *Australian Institute of Health and Welfare (AIHW)* report, suicide was the leading cause of death among people aged 15–24 (35%). Alarming male youth suicide in regional, rural and remote areas as a whole is estimated to occur at almost twice the rate as in metropolitan areas. This is an epidemic that needs to be addressed urgently and ICPA (Aust) firmly believes that the appropriate support and intervention during a child's schooling years would be beneficial.

Provision of resources for mental health programs in boarding schools, to help children navigate through times of hardship, such as students from drought affected areas along with COVID-19 related boarding house and travel restrictions is urgently needed.

RECOMMENDATION

The provision of mental health resources to boarding schools and boarding institutions to better support this cohort of vulnerable students.



ISSUE 4 - Exemption From Fringe Benefits Tax (FBT) for Employers Assisting with Educational Costs for Geographically Isolated Employees

Currently in an effort to attract and retain staff in rural and remote locations, some employers offer their staff a financial contribution towards boarding school expenses of their children. This financial assistance is valuable in supporting families employed in remote areas of Australia as many are unable to afford the exorbitant expenses incurred when sending their children to board to access their secondary schooling. Without this assistance from employers, many employees have no choice but to leave their homes and place of employment to access their child's education in a larger centre, simply because they cannot afford the costs of boarding school. This leaves employers with a hard to fill gap in the remote workplace.

However, as these payments incur a fringe benefits tax which negatively impacts the employer and the intent of the contribution, employers are penalised for assisting their employees with these expenses. This is a deterrent for any business thinking of offering assistance to their employees.

Further, as employees are required to report payment of educational expenses as a fringe benefit, this can impact upon their taxation rate as well as their ability to access other income-tested educational assistance such as the AIC Additional Boarding Allowance or Youth Allowance. This can also occur if the employer chooses to pay a higher wage/salary to the employee rather than incur the FBT on education assistance.

The removal of FBT on contributions to employees' children's education expenses would allow more employers to offer financial assistance to their employees, increasing the recruitment and retention of valuable families and workforce growth in rural and remote locations.

In recognition of conditions in rural and remote locations, the Australian Tax Office already offers certain FBT concessions and benefits. For example the lack of sufficient residential accommodation in remote locations attracts concessions for employers to provide housing for their employees and also through the Commonwealth Living Away From Home Allowance (LAFHA) provides concessional treatment in relation to FBT.

In many rural and remote locations, there is also insufficient access to suitable compulsory education facilities and therefore boarding school is the only option available. ICPA (Aust) therefore believes similar concessions should be made for employers in geographically isolated locations to assist employees with the costs associated with their children's compulsory education and to support workforce attraction and retention in these challenging and isolated locations of Australia.

RECOMMENDATION

The removal of Fringe Benefits Tax on employer contributions to employees' children's education expenses in a geographically isolated context.

ISSUE 5 - Additional Resources and Funding for Boarding Schools to support Students with Disability

Boarding facilities need to be equipped with adequate resources to cater for boarding students with specific education needs. Further funding needs to be available to ensure students in residential boarding facilities needs can be met, and reasonable adjustments and accommodations can be implemented in



accordance with The Disability Standards for Education 2005. The Nationally Consistent Collection of Data on School Students with Disability (NCCD) provides all Australian schools, education authorities and the community with a clear picture of the number of students with disability in schools and the adjustments they require to enable them to partake in education on the same basis as other students.

When a student with a funded disability (e.g., Autism) is enrolled at a school, the school is eligible to apply for schools plus funding or special education funding from individual state-based Departments of Education and federally through the Individual Disability Allocation (IDA) and Nationally Consistent Collection of Data for Students with a Disability (NCCD), via their individual system dependant on what type of school they are classified as, with the amount of funding allocated per student is in accordance with their diagnosis and needs. This funding is then dispersed at the schools' discretion for the purpose of education. However a boarding student (24 hours per day, 7 days per week in a school term) receives the same level of funding as a day student. For geographically isolated families, residential boarding is an important continuation of our children's education and there is currently no access to funding for a student with a disability in a residential boarding facility, to assist with the increased duty of care, responsibility, and accountability required to meet the needs of a geographically isolated student with a disability accessing a boarding facility.

When the significant role of boarding schools is taken into consideration, it is reasonable to expect that adequate funding and resources are provided to facilities where student requirements have been clearly identified on the NCCD database.

RECOMMENDATION

- That funding is provided for students with a disability in residential boarding facilities, so that their needs can be met, and reasonable adjustments and accommodations can be implemented in accordance with The Disability Standards for Education 2005.
- The provision of additional resources to facilities, including boarding schools, where student requirements have been clearly identified on the Nationally Consistent Collection of Data on School Students with Disability (NCCD) database.