

## Briefing Paper - April 2026

### Federal Assistance for Isolated Children (AIC) Briefing Paper

Boarding Portfolio – Amber Driver

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When the AIC Scheme was introduced and implemented by the Federal Government in 1973, it provided 55% of the average boarding fee to assist rural and remote families whose children must attend boarding schools to access education.

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

- 1) Basic Boarding Allowance (BBA) and Additional Boarding Allowance (ABA)** for students boarding away from home, at a school hostel or private arrangement.
- 2) Second Home Allowance** for students living in the family's second home so they can attend school daily.
- 3) Distance Education (DE)** allowance for geographically isolated students studying via a School of Distance Education.

The [AIC](#) allowances must address the out-of-pocket expenses rural and remote families face when sending their children to school via distance education, boarding schools, or by establishing a second home to access education. It is crucial to note that, despite the increasing costs of education in geographically isolated areas, the AIC allowance has not seen a significant increase in recent years and internal mechanisms have failed to ensure that its original intent has been significantly eroded over the decades, thus not meeting its allowance criteria.

#### Boarding Schools:

Many rural and remote families are required to send their children to boarding schools for secondary education, especially in regions where high schools are unavailable or the nearest public secondary school is hundreds of kms away. There is simply no option, many rural and remote families are forced to send their children to boarding school to access secondary education.

The gap between the AIC BBA and actual boarding fees continues to widen, straining the financial burden on rural families. Boarding fees increase annually by 4-8%, yet the AIC is only indexed according to the Consumer Price Index (CPI), which does not reflect the real cost escalation or retain its original intent, to cover 55% of the average cost of boarding.

Attending Boarding School for secondary education, for many geographically isolated students, is their only option. Boarding school fees continued to rise due to increasing operational costs including staffing, accommodation, transport and pastoral care. Meanwhile, the AIC BBA has seen only minimal adjustments over the years, resulting in a growing gap between the financial support provided on the actual expenses to the family space. This widening gap places an unsustainable burden on isolated families and erodes their educational choices.

As an equity measure, the AIC must be sufficient to ensure that students living in remote and rural areas can access quality education on a level playing field with their urban peers.

#### Costing Challenges:

A public 'summary of proposal' outlining the financial impact of a \$4000 increase in the AIC

Boarding Allowance has been provided to ICPA (Aust) on the 14 March 2025. The proposal provides 2 options, would commence on 1 January 2027 and be ongoing:

[Increase of the Assistance for Isolated Children \(AIC\) boarding allowance | pbo](#)

### **Second Home Allowance:**

The AIC Second Home Allowance helps families set up a second home in a nearby town so their children can attend school. This option is essential for families who live hundreds of kilometres from the nearest school and face a tough decision: either send their children to boarding school or establish a second home. Expanding this allowance can support the educational needs of students in rural and remote areas.

### **Distance Education:**

Families who undertake distance education must create a home-based schoolroom, purchase additional educational learning materials, and print resources typically supplied to mainstream students. They also incur significant travel and accommodation expenses to attend face-to-face school activities. The AIC Distance Education Allowance provides partial relief for these costs but it needs to be increased to better support geographically isolated families facing rising financial pressures.

### **Objectives:**

Federal Government departments must continually review and amend legislation to ensure rural and remote families can access financial assistance through the AIC Scheme.

A unified approach across all states is needed to support students who must live away from home to access education.

Additionally, there should be recurrent funding for both government and non-government school term hostels, and capital funding to support these institutions.

Commonwealth school funding models must support geographically isolated students, regardless of the education type.

There must be clear data made publicly available to identify how funds under the AIC Scheme are allocated to each criteria as listed on the Services Australia website to help identify the amount of funding allocated to AIC is actually reaching families in rural and remote areas as it was intended for. Currently, there is no way to distinguish between groups of children who access this funding that live in urban areas due to the addition of requirements.

### **Recommendations:**

- **Restore the AIC Basic Boarding Allowance** to meet its original intent and criteria (as implemented in 1973), to cover 55% of the average cost of boarding fees or individual
- **Ensure AIC Allowances** for boarding, distance education and second home allowances are increased and meet their criteria.
- **Ensure the AIC Allowances** for boarding, distance education and second home allowances are indexed to CPI Education Sub-Index.
- **Review the AIC Scheme** to ensure adequate timing of payments, application processes, internal funding mechanisms are automatically updated in line with their intent, CPI and actual cost of accessing education.
- **Ensure all AIC Allowances** adequately meet the needs of geographically isolated students as was its intention.
- **Ensure the Second Home Allowance** is paid at the same rate as the BBA.
- **Display and publish sperate categories within the AIC:** Geographically Isolated, Disability/Special Needs and Geographically Isolated students with Disability/Special Needs.
- **Implement an online AIC Scheme portal.**

- **Expand the AIC Scheme criteria** to ensure rural and remote children are eligible for assistance, especially when appropriate public-school options are unavailable.