



TREASURER

PARLIAMENT HOUSE
CANBERRA ACT 2600

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Mr Tony Daniels
President
National Competition Council
GPO Box 250B
MELBOURNE VIC 3001

Dear Mr Daniels

Thank you for the National Competition Council's (NCC) recommendation of 7 May 1996, which recommended that the "Austudy Payroll Deduction Service" not be declared.

With the benefit of the NCC's recommendation, and in accordance with my obligations under s.44H of the Act, I have decided not to declare the service. I have considered the AUS' application against the criteria specified in s.44H and other matters which s.44H requires me to consider. I am not satisfied of the matters on which I must be under s.44H.

AUS argued that it would be uneconomical to develop another facility to provide the service. I am not satisfied that this is the case; in particular, that another facility could not be developed to provide part of the service. Certain parts of the service which would enable the AUS to compete in the "Student Representative Service" market are currently provided by a number of other facilities to other student representative associations. Other elements of the 'service', such as requiring students to answer questions on Austudy forms and accepting loans from DEETYA to pay their union fees in one instalment are not capable of being provided by any facility in the normal sense of the word.

I am not satisfied that the DEETYA computer facility in question is of national significance. In relation to its size, the computer network facility is not particularly large but, more importantly, the data base in question is considerably smaller than a lot of others that exist in the government and private sectors. Further, the service has no direct relevance to constitutional trade or commerce. If every Austudy recipient in Australia was a member of a student union, access would still only result in \$1.5 million payments to the union annually - very small, in dollar terms, compared with the national economy. The facility is not sufficiently important to the national economy.

I also consider that providing access would be contrary to the public interest. Under the system proposed, DEETYA would be required to compel all Austudy recipients to complete questionnaires on whether they wanted automatic deductions from their Austudy payments. I also have concerns about the equity of the request by AUS that all Austudy recipients pay a levy to cover the cost of AUS access to the service, even when the students may not use it. Further, the access to the proposed service would require a Commonwealth Department to provide information to students about organisations that it has nothing to do with. Students may believe that these organisations are endorsed by, or have the support of, the Commonwealth Government. I believe that these negative

endorsed by, or have the support of, the Commonwealth Government. I believe that these negative factors more than outweigh any positive influences on the public benefit flowing from access to the service.

I would also like to take this opportunity to commend the NCC for its thorough and professional job in handling the first application under Part IIIA of the Act.

Yours sincerely

A handwritten signature in black ink, appearing to read "P. Costello". The signature is written in a cursive style with a large initial "P" and a long horizontal stroke.

PETER COSTELLO