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National Legal Aid welcomes government's decision to wipe some welfare debts

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National Legal Aid welcomes the Federal Government announcement that it will wipe almost half of Australia's social security debt backlog and deliver a \$300 million investment to promote a fairer social security system for disadvantaged Australians.

We congratulate the work of Tanya Plibersek, Minister for Social Services, and Senator Katy Gallagher, Minister for Finance, Women, the Public Service and Government Services to resolve this long-standing issue with debt calculations in the social security system. National Legal Aid has been advocating for these debts to be waived.

Income apportionment was a method used by the Department of Social Services to recalculate alleged overpayments by averaging income over weeks that do not align with the Centrelink reporting period.

The threshold for waiving small social security debts will be increased for the first time in over 30 years to \$250. As a result of this, 1.2 million in debts are expected to be waived or not raised in 2025-26. Those with income apportionment debts over \$250 will be able to apply for payments of up to \$600.

"Robodebt demonstrated that fundamental reforms are needed to improve the quality and transparency of government decision making. This response is an important first step in addressing the issues raised by Robodebt, the Royal Commission and the Ombudsman's Report on this issue," said Katherine McKernan, Executive Director, National Legal Aid.

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Importantly, people affected by income apportionment debts will still be able to seek review of the debt decision.

Legal aid funding ‘essential’ to support welfare reviews

Funding for Legal Aid Commissions to support welfare with legal advice is essential to support this reform, Ms McKernan said.

“As part of this initiative, investment in legal assistance is essential to ensure people have correct and appropriate legal advice to understand their rights and options when it comes to welfare debt,” Ms McKernan said.

“We hope that the Federal Government will consider resourcing Legal Aids to assist with responding to these changes as organisations with national reach who deliver specialist legal assistance to people on income support.”

We look forward to continuing to work with the Federal Government to improve the social security system for disadvantaged Australians.

Katherine McKernan, Executive Director NLA is available for interviews.

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