

## **Statement on Centrelink debts decision Chaplin v the Department of Social Services**

Legal Aid NSW acknowledges the Full Federal Court's decision last week regarding the Department of Social Services' calculation of Centrelink debts and encourages the department to consider waiving the historical debts.

Hundreds of thousands of social security recipients have been impacted by Centrelink's unlawful use of income apportionment to calculate welfare debts. The department used the income apportionment method until 2021, when the law changed.

Legal Aid NSW intervened in the proceedings *Matthew Chaplin v the Department of Social Services* to challenge the department's proposed new method for re-calculating these welfare debts from 2003 to 2020.

The intervention draws on our expertise and decades of frontline experience assisting people with social security issues.

On 15 July, 2025, [the Court affirmed the department's](#) proposed new calculation method. The Government has said it will now evaluate the impact of the decision and develop a suitable response.

The outcome of the proceedings could affect millions of disadvantaged Australians who received social security payments over many years. Legal Aid NSW advocates for an approach that is accurate, fair and transparent.

Legal Aid NSW CEO Monique Hitter said the department should consider waiving the debts.

"In assessing any overpayments, Legal Aid NSW encourages the department to ensure any action undertaken is ethical, proportionate, consistent and transparent," she said. 'A waiver is an appropriate course of action – the Department has acknowledged that the median affected debt is \$330, and the average age of each debt is 19 years. Thousands of people who have debts affected by income apportionment also experienced unlawful debt calculations as a result of robodebt'.

“Given the passage of time and costs involved in recovering these debts, both financially for the government and emotionally for current and former social security recipients, we encourage the department to consider waiving the debts as this would be the fiscally responsible and ethical approach to take.”

Ms Hitter says the availability of legal and community resources to help people understand and where available challenge what began as unlawful debts is critical.

“Australians expect the social security system to be fair and transparent. In situations where the department says there is a debt, it must provide proper evidence and use clear and robust processes that minimise financial distress and confusion for those affected.”

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