

# Media release

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## **New test case against Centrelink's robo-debt system**

Victoria Legal Aid is mounting a new legal challenge to Centrelink's robo-debt program.

33-year-old local government employee Deanna Amato found out about her alleged robo-debt when her full tax return was taken, in January this year. Centrelink claimed she owed a debt of \$2754 for Austudy she was paid while studying a diploma in 2012.

'My tax return was \$1709.87 and they took every cent. It was shocking that they could take the money without me even knowing that a debt existed and without actual proof. It felt like guilty until proven innocent.'

'It was a lot of money, a big chunk to disappear without you knowing how or why.'

'I'd done my tax and was planning on using that money to pay my credit card off. I was lucky because I managed to find consistent work and eventually pay off that bill, but other people may not be in that position. That's why I'm taking part in this case', she said.

Deanna believes the system needs to change. 'I think it's awful that people who couldn't survive without this help are being targeted. They're people who don't have enough money to live on, who are trying to live with self-respect and work or study and have asked for assistance. And then a few years down the track you hit them with these big amounts of money owing. I can only imagine if you're struggling with other things in your life, how hard it would be to deal with this and to find the evidence to support your claims.'

'It seems to have affected the mental health of a lot of people who were told they have these robo-debts. It's been going on a really long time now and it just hasn't changed, and it should', said Deanna.

Rowan McRae, Executive Director of Civil Justice Access and Equity at Victoria Legal Aid said, 'More than 500,000 robo-debts have now been raised by a process that is opaque and unfair'.

'In this case and the case of our other client Madeleine, we think it's critical for a court to look at the process Centrelink relies on to decide that people owe them money. These two women are asking the court to decide whether that process complies with the law.'

The case of nurse Madeleine Masterton will go to a hearing in August to decide whether the Federal Court should continue to look at the lawfulness of the robo-debt process, because of a decision by Centrelink to wipe her debt after Victoria Legal Aid filed the case earlier this year.

Madeleine says she hopes the Court will decide that the process needs to be examined. 'I'm pressing on with the case because it's about the debt calculation process. I hope my experience will make more people aware of their rights when it comes to the robo-debt system', said Madeleine.

Rowan said the case was important for others affected by the robo-debt process. 'We're committed to testing the lawfulness of this flawed scheme. For this to have a benefit for hundreds of thousands of other people with robo-debts, it needs to be done through the Court', said Rowan.

Deanna Amato's case has been filed in the Federal Court in Melbourne. It is expected a hearing will be held in coming weeks.

**ENDS**

**Quotes from Deanna Amato:**

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- *'It makes me angry. I was so shocked that they had the ability to access my tax return to take money but not to actually check if the debt was real'.*
- *(On having her tax return garnished) It was stressful because it was something I didn't know that Centrelink could do, taking money out of my tax return, but also because I'd never received the documentation. I didn't know how and why it had happened but also what my rights were and what I could and should do next, which is why I came to legal aid.*
- *I'm doing this case because I think the process isn't lawful and I feel bad for the tens of thousands of other people who have had to go through this without the help that I have had through legal aid.*
- *The process needs to change because it seems to me like the robo-debt system is wrong a lot and it needs to be stopped from happening.*

## More information

Rowan McRae is available for comment. Our clients Madeleine Masterton and Deanna Amato are not available for interview.

Get Help with a Robo-debt: <http://www.legalaid.vic.gov.au/find-legal-answers/centrelink/get-help/get-help-with-centrelinks-robo-debts>

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