AUSTRALIA
NEWS

Australia's biggest class action settlement approved

The Robodebt scheme was initiated, developed, and implemented under the Liberal-National Coalition governments. The unlawful automated debt recovery program was originally proposed as a budget measure by then-Treasurer Scott Morrison and introduced in 2015 by the Minister for Social Services, Scott Morrison, and then-Minister for Human Services, Alan Tudge. The scheme continued and was expanded under successive Coalition governments until it was officially scrapped in late 2019.

More than 450,000 people who were affected by the federal government's unlawful debt collection method will receive $475 million in compensation between them.
The Robodebt system was designed to fix overpayment of social security benefits, but it resulted in hundreds of thousands of people being wrongly accused of owing the government money between 2015 and 2019.

Some of Australia's most vulnerable people entered into extreme debt, went without food or even died by suicide as a result. The bungled program has cost the government more than $2.4 billion following multiple class actions.

Federal Court Justice Jonathan Beach ruled that an additional settlement of $548.5million, including the approved compensation figure, was fair and reasonable.

It also includes up to $13.5 million in legal costs, to be paid by the Commonwealth.
Class action representatives will be paid between $20,000 and $25,000 each for "inconvenience occurred over a number of years"

The settlement comes on top of an earlier $112 million agreement that lawyers successfully appealed.

Justice Beach thanked victims who had been part of various class actions since 2019, particularly Jenny Miller and Kath Madgwick.

Rhys Cauzzo was 27 years old when he took his own life. Jenny said Rhys started receiving letters and calls in 2016 (supplied: Jenny Miller)

They lost their sons, Rhys Cauzzo and Jarrad Madgwick, to suicide after they were issued with robodebt notices.

Kath Madgwick, pictured with her son Jarrad, who took his own life after learning he had a Centrelink debt. Supplied

"I did appreciate hearing their perspectives and the fortitude that has been shown particularly from the two mothers whose sons were lost," the judge said.

He added the "fiasco" was an opportunity to learn lessons, chastising government officials who were 'insulated and detached" from the consequences of their actions.

A settlement was first reached in 2021, but it did not consider information later uncovered in the Royal Commission into the Robodebt Scheme.

That included the revelation that government officials tried to mislead investigations into the scandal.

Further compensation was then requested in the successful appeal by law firm Gordon Legal, which led the class action.

The Robodebt scheme saw some of Australia's most vulnerable people entered into extreme debt, going hungry or even dead by suicide as a result. Source: AAP / James Ross

The class action was launched by Sydney woman Katherine Prygodicz, who had twice been chased for a debt of more than $14,000.

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Sources:

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https://www.lawyerly.com.au/category/judges/justice-jonathan-beach/