



Aftershock

Addressing the Economic and Social Costs
of the Pandemic and Natural Disasters

Report Two – Domestic and Family Violence



IMPACT ECONOMICS AND POLICY / SEPTEMBER 2022

A REPORT PREPARED FOR THE NSW COUNCIL OF SOCIAL SERVICE AND A COALITION OF PEAK BODIES



About Impact Economics and Policy

Impact Economics and Policy brings together a group of expert economists and policy specialists with experience working for government, non-for-profits and big four consulting.

Established at the start of 2022, our mission is to partner with clients for impact through providing robust evidence, fresh analysis and strategic communication to tackle Australia's biggest public policy challenges.



Acknowledgement of Country

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country Throughout Australia and their continuing connection to both their lands and seas. We also pay our respects to Elders – past and present – and generations of Aboriginal and Torres Strait Islander peoples now and into the future.

We accept the invitation of the Uluru Statement of the Heart and support the campaign to for a First Nations Voice to Parliament to be protected by the Australian Constitution.



Aftershock

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Report Two – Domestic and Family Violence



#ACTIONTOENDGENDEREDVIOLENCE



ACTION
TO END
GENDERED
VIOLENCE.

Action to End
Gendered Violence:
Launch of The NSW
Women's Alliance 2023
Election Platform

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Domestic and Family Violence

Since the end of 2019 the people of NSW have experienced fires, floods and a pandemic. The cumulative impact of these events across four key domains of wellbeing – mental health, domestic violence, child welfare and development and housing is the focus of this series of reports – *Aftershock: addressing the economic and social costs of the pandemic and natural disasters*.

Our aim is to document the social and economic impacts of the events of the past two and half years, that without action will cause lifelong consequences for the people of NSW. In this, the second report of the series, we look at the increasing rates of domestic and family violence in NSW, and the associated economic costs. We make a number of recommendations for increased investment to address these costs and reduce the long-term impacts of the increase in violence.

Original modelling from Impact Economics and Policy finds that in the first year of the pandemic:

- ▶ 60,000 women in NSW experienced family and domestic violence for the first time; and
- ▶ 46,000 experienced an escalation in violence.

This increase in family and domestic violence during 2020 is estimated to have resulted in large direct costs, including health, productivity, and consumption costs, totalling \$3.3 billion over the period 2020-2025. When ongoing pain, suffering and premature mortality are included, these costs increase to \$24.6 billion over the period 2020-25.

Based on historical rates of domestic and family violence, the areas of NSW that experienced the highest direct costs associated with the increase in domestic and family violence over the period 2020-25 include:

AREA	WOMEN EXPERIENCING VIOLENCE FOR THE FIRST TIME IN 2020	WOMEN EXPERIENCING AN ESCALATION IN VIOLENCE IN 2020	DIRECT COSTS 2020-25 (\$ M)
Blacktown	5,048	3,783	273.3
Inner South West	4,161	3,118	225.3
Parramatta	4,065	3,046	220.1
City and Inner South	3,334	2,498	180.5
South West Sydney	3,022	2,265	163.6
Central Coast	2,806	2,103	151.9

These estimates do not account for any additional family and domestic violence during 2021 or 2022 due to the ongoing pandemic and floods across NSW.

Since the start of the pandemic the NSW Government has responded to the increasing rates of family and domestic violence with additional funding of over \$100 million per year, however it continues to spend less than half the amount of the Victorian Government.

The NSW Government would need to increase funding by \$500 million a year to close the per capita funding gap with Victoria.

Previous research has highlighted the need for additional social housing to ensure women escaping domestic and family violence have somewhere to go. An estimated 4,812 women in NSW either stay in a violent relationship, or face homelessness due to the lack of social and affordable housing. Building an additional 5,000 social housing units at a cost of \$2.2 billion would help address this issue and reduce the rates of domestic and family violence and homelessness.

Women leaving violent relationships also face higher rates of poverty. 37 per cent of single mothers, almost three quarters of whom have experienced domestic and family violence, live in poverty; and those who have survived violence experience almost double the loss of income following the end of their relationship compared to single mothers leaving non-violent relationships. Enabling single parents to stay on the parenting payment until their youngest child turns 16 and increasing these payments to match the age pension would improve outcomes for women and children escaping violence.

The experience of natural disasters and the pandemic since 2020 has placed many people in NSW at greater risk of violence, with long term economic and health impacts. There is an urgent need for greater investment to mitigate these aftershocks, and address to long term consequences of the past two and half years.



NSW Timeline

2019-2020 BUSHFIRES

6.2 per cent of the state burnt by more than 11,400 bush and grass fires, 26 lives were lost and 2,448 homes destroyed.

MARCH 2020 - MAY 2020

COVID-19 restrictions were introduced across the state, limiting public gathering, operation of businesses and schools.

MARCH 2021 FLOODS

A total of **52 evacuation warnings** and orders were issued, **impacting over 80,000 people**. The Northern Rivers, Mid North Coast, Hunter-Central Coast and Hawkesbury-Nepean Valley were all severely impacted. A number of educational facilities were closed because of the floods including 376 schools, 244 early childhood centres and 10 TAFE facilities.

JULY 2021 - NOV 2021

COVID-19 restrictions were re-introduced across the state limiting public gathering, operation of businesses and schools. Parts of Sydney were placed under extreme lockdown conditions, with additional restrictions placed on residents' ability to work and move around their communities.

2022 FLOODS

In March and July 2022 **large areas of NSW were impacted by major flooding events**, with Northern Rivers once again flooded and large parts of Western Sydney also affected. In the city of Lismore over 3,000 homes were damaged. In July 2022 residents of Camden in Western Sydney were ordered to evacuate for the fourth time that year due to major flooding.

2022 - LIVING WITH COVID-19

Almost 4,000 lives have been lost to the pandemic with over 3 million cases of the disease since February 2020. As new variants emerge the State remains under high alert, and the health system is struggling to cope.



PHOTO COURTESY: DVNSW

Introduction

Domestic and family violence refers to abusive, controlling or other violent behaviours within families that may be physical, sexual or psychological, perpetrated by an intimate partner or family member.¹

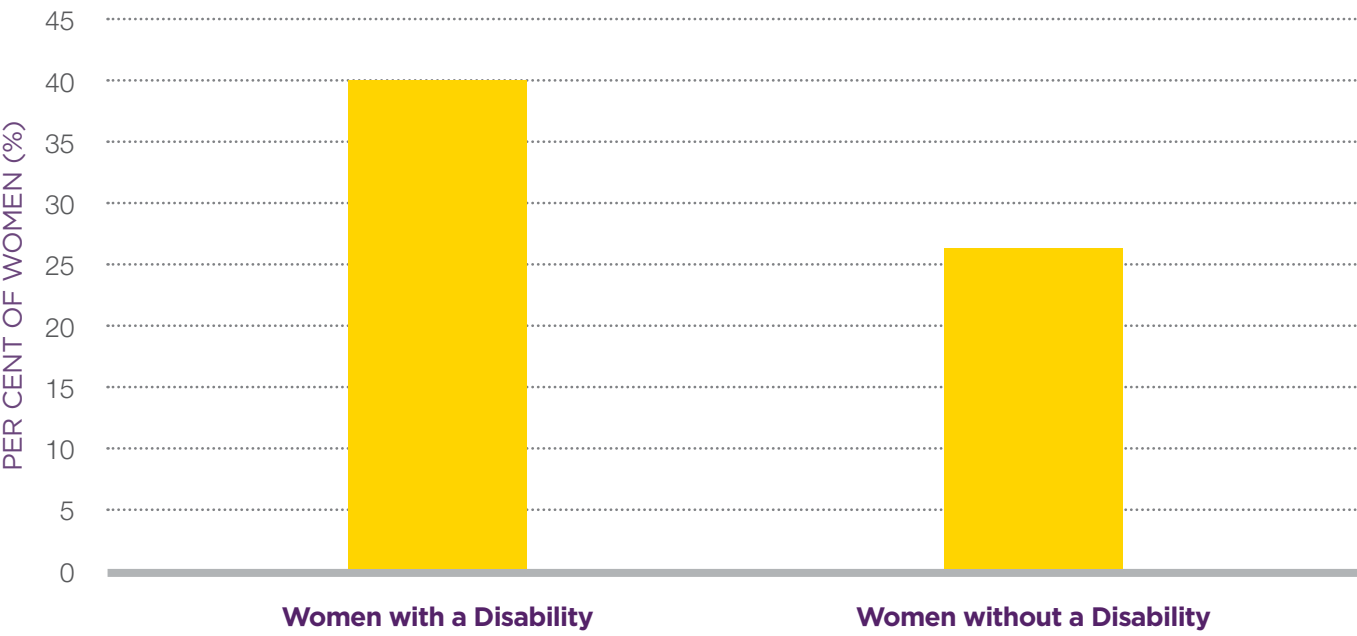
Domestic and family violence is a major health and welfare issue in Australia with profound lifelong impacts on its victims – predominantly women – and their children. Domestic and family violence is a key driver of women’s inequality and has been highlighted within the UN’s Sustainable Development Goals as one of the most significant issues of our time.²

At last measure, in 2016, more than 1 in 6 women had experienced domestic and family violence from a current or previous partner since the age of 15.³ This compares to 1 in 16 men. And in NSW, 1.6 per cent of females had experienced domestic and family violence from a previous or current partner in the previous 12 months.⁴

Aboriginal and Torres Strait Islander women, women with a disability and LGBTIQ+ people are disproportionately impacted by family and domestic violence. 3 in 5 Aboriginal and Torres Strait Islander women⁵ and 1 in 3 women with a disability have experienced intimate family violence since the age of 15.⁶

Findings from the 2016 Personal Safety Survey show that in the previous 12 months women with a disability were twice as likely to experience partnered violence.⁷

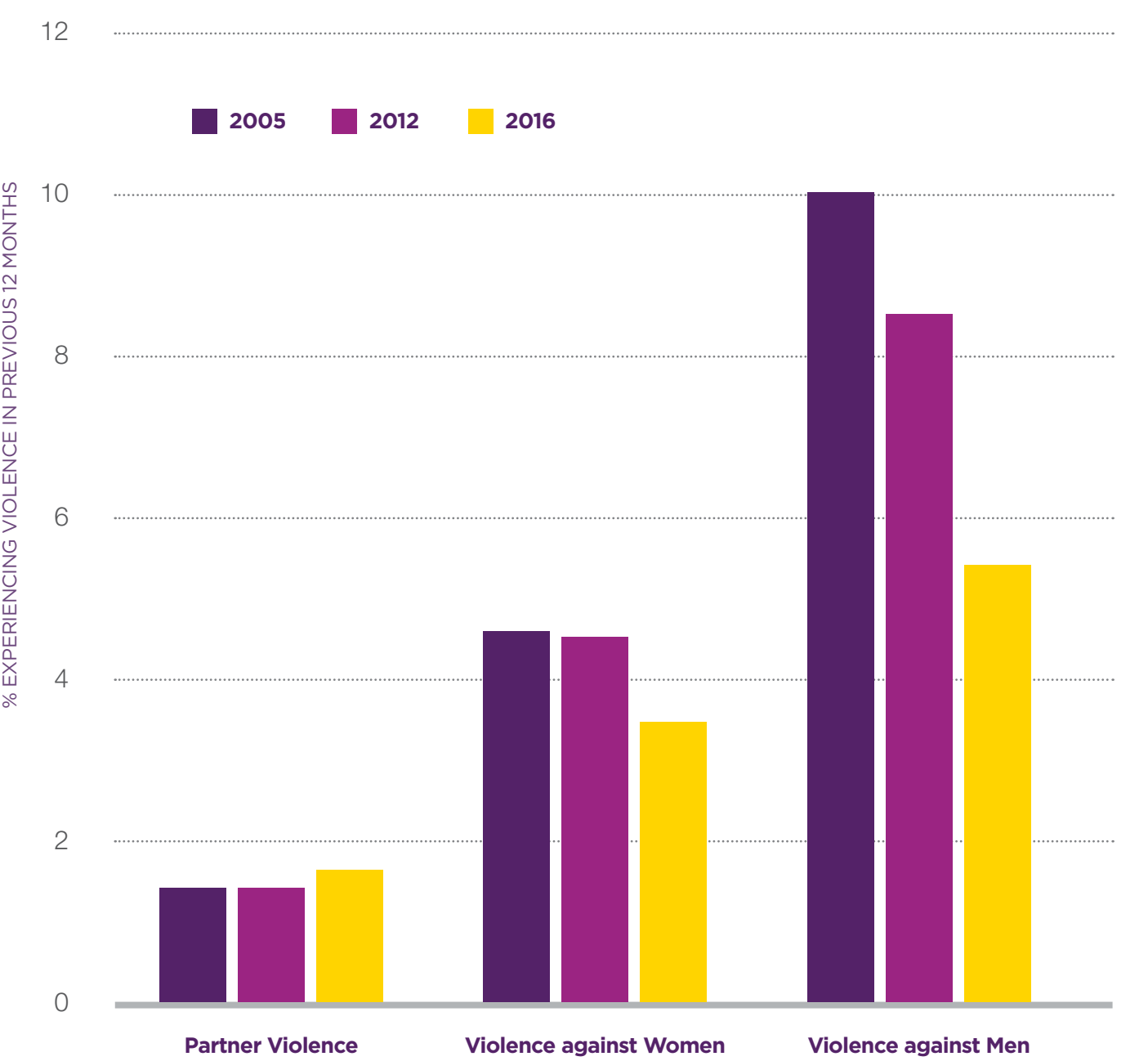
Figure 1 Experience of Violence after Age of 15



Source: <https://disability.royalcommission.gov.au/news-and-media/media-releases/alarming-rates-family-domestic-and-sexual-violence-women-and-girls-disability-be-examined-hearing>

While rates of physical and sexual violence against men have decreased significantly over the past decade, rates of violence against women and rates of partnered violence have remained relatively flat.

Figure 2 Rates of Violence across Time



Source: ABS (2017), Personal Safety, Australia

Natural Disasters and Incidence of Domestic and Family Violence

Previous research has shown an association between exposure to natural disasters or other extreme events and an increase in rates of domestic and family violence.^{8,9}

Following the Canterbury earthquake in New Zealand police reported a 53 per cent rise in domestic violence. In the United States, there is strong evidence of intimate partner violence increasing following large-scale disasters.

Following Hurricane Katrina, there was a 98 per cent increase in physical victimisation of women.¹⁰

In Australia the first research of this kind was undertaken to explore the impact of Australia's 2009 Black Saturday bushfires. The research found that violence against women increased more in those regions most affected by the bushfires.¹¹

In addition to the impact of natural disasters, the

COVID-19 associated lockdowns and social isolation were expected to increase the risk of domestic violence. This was due to increased economic stress, instability and uncertainty, and exposure to exploitative relationships, along with reduced options for support.¹² While not the cause of domestic and family violence, these factors can exacerbate underlying drivers and increase the likelihood, complexity and severity of domestic and family violence.¹³

The United Nations, reporting on progress towards the Sustainable Development Goals, estimated that lockdowns increased the risk of violence against women and girls, with cases of domestic violence increasing by as much as 30 percent in some countries.¹⁴

CASE STUDY / IMPACT OF THE FLOODS IN NORTHERN NSW

WOMEN UP NORTH

Sally* lost her accommodation in Lismore just after the floods due to domestic and family violence by her ex-partner. She was displaced along with her four children with nowhere to go after he failed to pay the rent.

The family resorted to camping in her mother's backyard, with two of the children staying inside the house while Sally and the other two children camped out back. The family was previously in temporary accommodation however had to leave as there were too many of them for the room available.

Sally does not want to leave the area due to her kids' school and the community. She's currently in huge financial debt due to domestic violence and the floods. This has disrupted her capacity to address the financial and legal issues she is experiencing and she is likely to enter bankruptcy because of the coercive control she experienced by her ex-partner.

PHOTO COURTESY: FAMS

Economic Costs of Domestic and Family Violence

Domestic and family violence represents a huge loss in economic output through reduced participation and productivity, and loss in welfare through increased burden of disease.

Separate work by PriceWaterhouseCoopers and KPMG in 2016 found that domestic and family violence is costing the Australian society upwards of \$22 billion every year.¹⁵

The lifetime costs of family and domestic violence for a ten-year cohort was estimated at \$362 billion.¹⁶

Poverty and Homelessness

New research from Professor Anne Summers shows the choice facing many women is between violence and poverty.¹⁷

37 per cent of single mothers live in poverty, and almost three quarters have experienced domestic and family violence.

Single mothers who have survived violence experience almost double the loss of income following the end of their

relationship (34 per cent), compared to single mothers leaving non-violent relationships (20 per cent).¹⁸

The factor contributing most to this outcome was the small increase in wages for mothers leaving violent relationships (20 per cent increase) relative to mothers who had not experienced violence (about 45 per cent).

One of the main barriers for women leaving violent relationships is the lack of affordable accommodation, with a 2021 report for NCOSS by Equity Economics estimating that in 2021 4,812 women were being forced to stay in an unsafe and violent home, or face homelessness – with up to 2,402 women returning to live with a violent partner because of lack of an affordable alternative, and a further 2,410 becoming homeless because they could not find secure and permanent housing after leaving violence.¹⁹

Economic Costs

Various estimates of the unit cost of domestic violence have been produced over the years.^{20 21 22}

The economic cost of domestic and family violence can be broken into several components including pain and suffering, health costs, production-related costs and consumption-related costs.

Table 1 Components of the Economic Cost of Domestic and Family Violence

COMPONENT	DESCRIPTION	FIRST TIME DV	ESCALATION OF DV
Pain, suffering and premature mortality	Cost of illnesses and disease attributable to domestic and family violence, measured in Disability Adjusted Life Years (DALYs) and monetised with the statistical value of life.	Includes a portion of costs associated with alcohol disorders, anxiety disorders, depressive disorders, early pregnancy, homicide & violence, and suicide and self-inflicted injuries that can be attributed to domestic and family violence.	Excludes alcohol disorders, anxiety disorders and depressive disorders.
Health costs	Private and public health costs to deliver services to victims, their children and perpetrators.	<ul style="list-style-type: none">► Hospitalisation► Out of hospital medical services► Pharmaceutical► Other health professionals	Hospitalisation costs only
Production-related costs	Lost production and productivity through the absence, or presenteeism of victims, perpetrators and employers.	<ul style="list-style-type: none">► Victim absenteeism from paid work due to injury, emotional distress or attending court► Perpetrator absenteeism from paid work harassing victims, legal and criminal proceedings► Victims and perpetrator absence from unpaid work► Employer/management time spent to process absentees, and searching, hiring and retraining new employees	
Consumption-related costs	In the immediate short-term, these costs cover the damage to property and belongings but this also covers the lost economies of scale that victims of domestic violence would experience due to being less likely to be in future relationships.	<ul style="list-style-type: none">► Damage to property► Loss of economies of scale	Damage to property
Second generation costs	This category includes the costs associated with the care or Government intervention for children who were in households experiencing violence.	<ul style="list-style-type: none">► Child protection services► Out of home care services► Childcare► Remedial & special education► Changing schools	None
Administrative and other costs	This category is largely comprised of the criminal justice costs for police, the courts and to incarcerate indicted perpetrators. It also includes the costs of other services such as interpreters, funerals and temporary accommodation.	<ul style="list-style-type: none">► Incarceration costs► Court system costs► AVOs and family court orders► Temporary accommodation► Other admin costs	
Transfer costs	Transfer costs include transfer payments such as income support and victim compensation. Deadweight loss is measured as the inefficiency caused in the economy from raising taxes to fund transfer payments.	<ul style="list-style-type: none">► Transfer payments► Deadweight losses	None

Source: Impact Economics and Policy

Quantifying these impacts shows the high costs of domestic and family violence to individuals.²³ These costs through focusing primarily on the impact on adult victims of partner violence, are likely to underestimate the impact on children.

Table 2
Annual Economic Cost of Domestic Violence per Woman, 2022

	FIRST TIME DV (\$)	ESCALATION OF DV (\$)
Pain, suffering and premature mortality	48,415	12,542
Health costs	1,498	501
Production related costs	2,249	2,249
Consumption related costs	10,482	1,863
Second generation costs	730	-
Administrative and other costs	3,265	3,265
Transfer costs	1,464	-
Total unit cost	68,103	20,419

Source: Impact Economics and Policy



PHOTO COURTESY: DVNSW

Impact of COVID-19 and Natural Disasters on Rates of Domestic and family violence

As Australia entered lockdown in late March 2020, anecdotal reports of COVID-19-related domestic and family violence began emerging amid increasing demand for support services.²⁴

A survey of domestic and family violence frontline workers reported that the complexity of clients' needs was increasing; and that clients were reporting both new cases of domestic and family violence, and escalating violence for those who had previously experienced domestic and family violence within their relationship.²⁵

CASE STUDY / PHILLIPA 28-YEAR-OLD WITH 7-YEAR-OLD SON HARRY.

PHILLIPA

Phillipa was referred by Redfern Aboriginal Legal Service to Kempsey Families Inc, Staying Home Leaving Violence for a home security assessment. After leaving a violent relationship, Phillipa had returned to the Kempsey community to be close to family supports in this area.

Phillipa had obtained housing however, it was damaged by a family member of her ex-partner. This meant that Phillipa was unable to live safely in the home and is temporarily staying with a family member.

The requirements of JobSeeker were not obtainable for Phillipa due to ongoing schizophrenia that, in combination with the trauma of domestic violence, had impacted her ability to fulfill job network mutual obligations. With support from Staying Home Leaving Violence Phillipa was successful in acquiring disability payments and was granted an exemption from mutual work obligations.

The Staying Home Leaving Violence team is also working with Phillipa to relocate her and her son Harry to safer housing and have supported her with furniture removal costs from the damaged home to safe storage.

A Staying Home Leaving Violence support worker has assisted Phillipa in attending a domestic violence educational group, 'Women on the Verge', that provides a safe and supportive environment for women to acquire knowledge on the nature of domestic and family violence. The group also builds confidence and self-worth and empowers women to make positive life choices.

The support worker is actively working with Phillipa on safety planning, including the provision and monitoring of an SOS device. Victim Services compensation has also been applied for on behalf of Phillipa, including support from a domestic violence specialist counsellor.

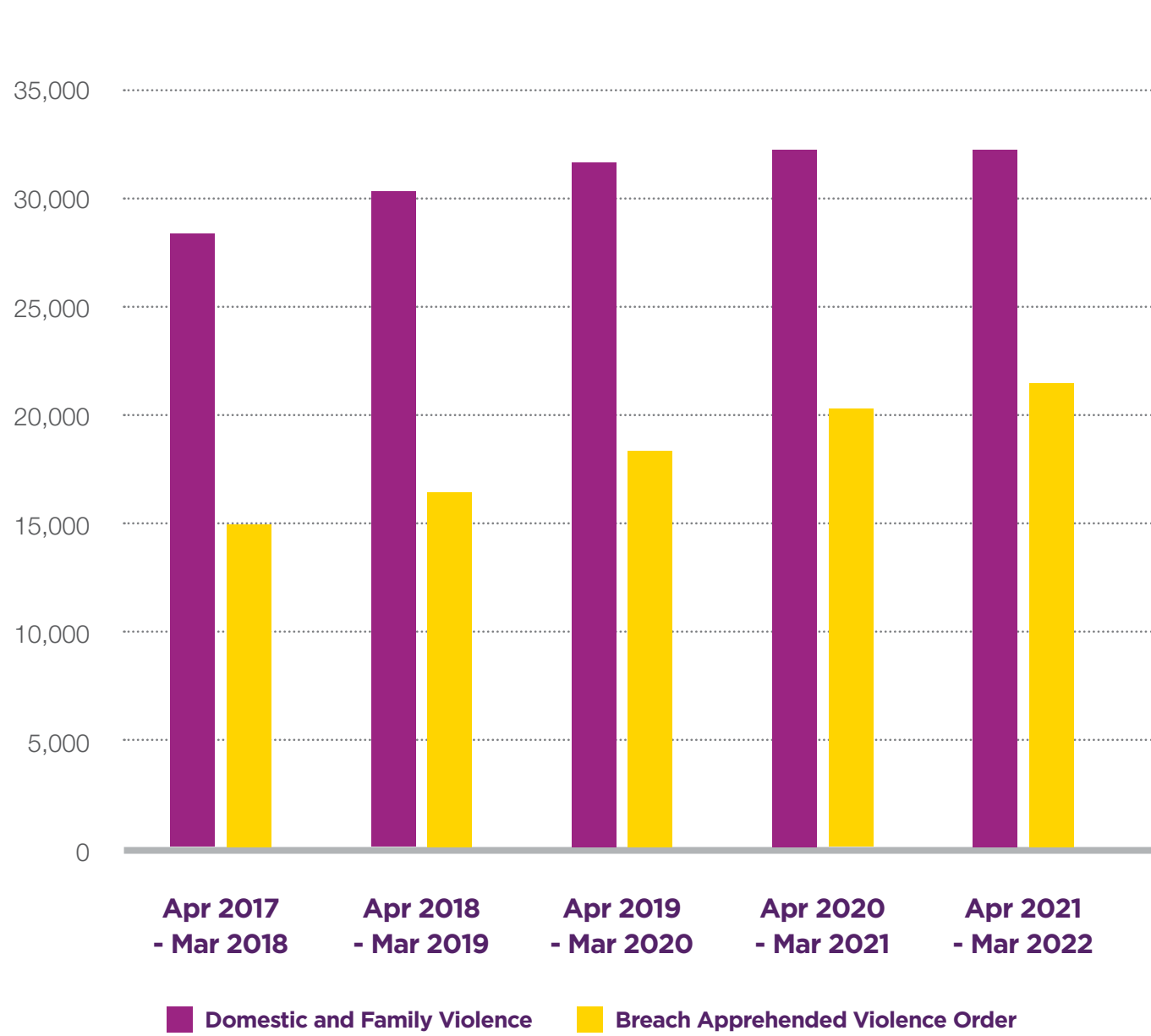
Phillipa's seven year old son Harry was referred to Kempsey Families Inc. Speak Out for Kids program 'Kiddy Katz'. This has ensured that Harry is part of a safe, inclusive and fun environment that supports children who have experienced family and domestic violence.

A large proportion of domestic and family violence goes unreported. This is likely to have been even higher during COVID-19 since the restrictions and isolation requirements made it more difficult to report domestic and family violence, seek support, or leave an abusive relationship. This may explain why there was no statistically significant increase in the reported incidence of domestic and family violence in NSW police-recorded crime data that included the 2020 lockdown period.²⁶

BOCSAR Data on Domestic and Family Violence

While there has only been a 2 per cent increase in the number of reported domestic assaults to police since the start of pandemic, **there has been a statistically significant 16.9 per cent increase in breaches of apprehended violence orders in NSW since the start of the pandemic.**²⁷

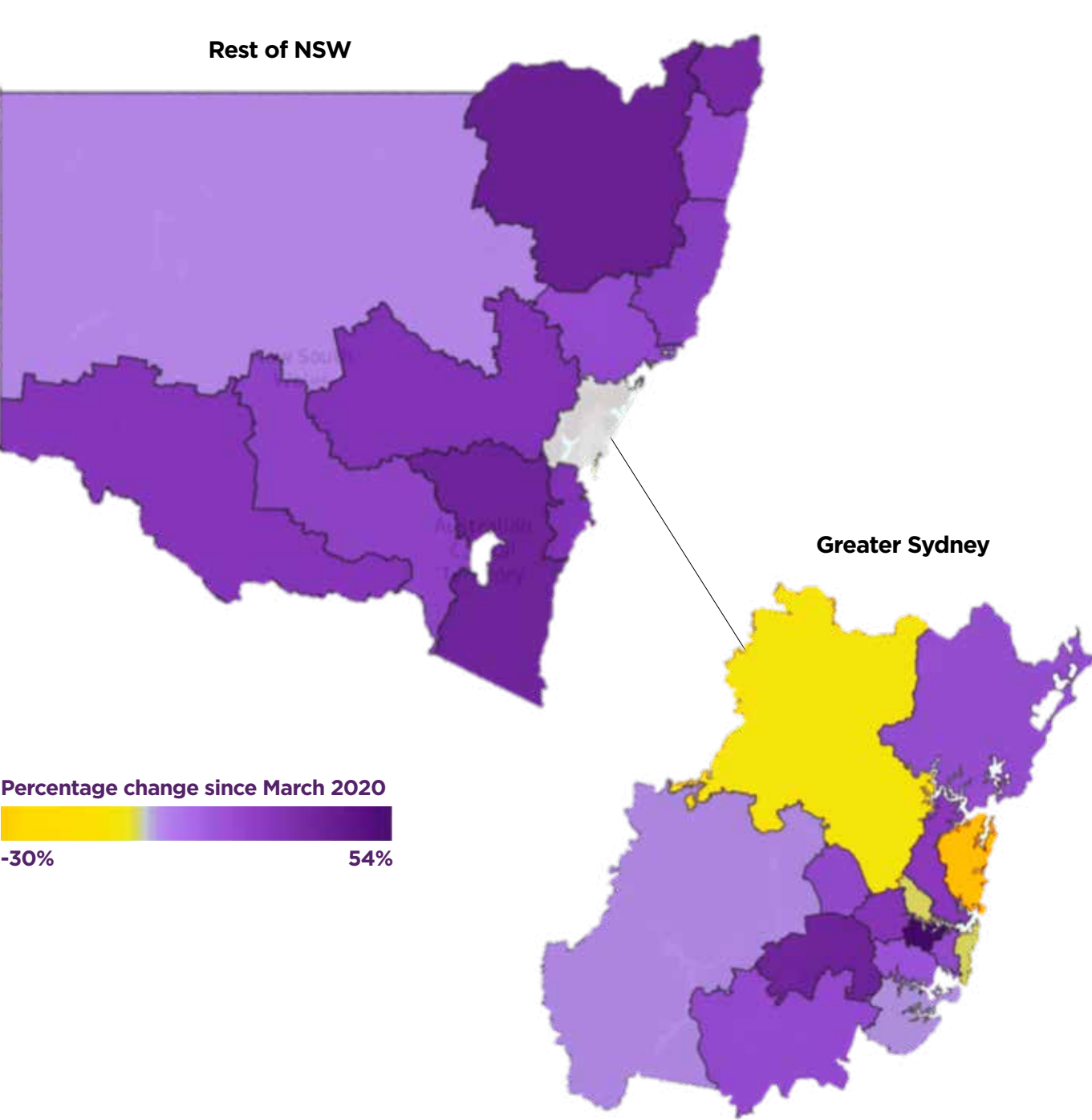
Figure 3 Rates of Reported Domestic Violence Related Offences in NSW



Source: BOCSAR (2022), Recorded Crime Reports, NSW

Some areas in NSW have experienced larger increases than the average, including Inner West Sydney (54 per cent); South West Sydney (38 per cent); Parramatta (26 per cent); Southern Highlands and Shoalhaven (28 per cent); and New England and Northwest (39 per cent).

Figure 4 Breaches of DV Orders, Increase from 2020-21 to 2021-22



Source: BOCSAR (2022)

ANROWS Data on Increase in Domestic and Family Violence

The most comprehensive evidence of the increase in domestic and family violence during COVID-19 was a nationally representative survey of more than 10,000 women across Australia undertaken from February to April 2021.²⁸ The survey by ANROWS found that in the previous 12 months one in three (33.4 per cent) respondents had experienced at least one form of intimate partner violence. Broken down by type of abuse,

- ▶ 1 in 10 women experienced physical violence
- ▶ 1 in 12 women experienced sexual violence
- ▶ 1 in 3 women experienced emotionally abusive, harassing or controlling behaviours.²⁹

Among women who had experienced domestic and family violence in the previous 12 months, almost 1 in 2 said that it was for the first time. Overall, 4 per cent of women had experienced physical violence from their current or most recent partner for the first time in the past 12 months.

As it is possible that some of these instances of first-time domestic violence would have occurred regardless of the pandemic, we sought to distinguish instances where the onset of violence could be attributed to the pandemic. To this end, the researchers analysed the onset of domestic violence by the length of the relationship, concluding that if the onset of violence had occurred more recently, the onset of violence coinciding with the pandemic could be coincidental. Following this logic, the researchers concluded that the best indicator of the onset of domestic violence being attributable to the pandemic, would be where this had occurred in relationships of longer than 12 months.

For women who had been with their partner for more than 12 months and had not experienced any physical violence prior to COVID-19, 3.4 per cent experienced physical violence for the first time following the start of the pandemic.

Among relationships that had a history of domestic and family violence, 2 in 5 said that the violence had increased a little or a lot following the beginning of the pandemic.

Overall, for 57.1 per cent of women who experienced violence following the start of COVID-19 and had been in a relationship for longer than 12 months, this was either the first time violence had occurred, or there was an escalation in the frequency or severity of violence.

Quantifying the Costs of Increase in Domestic and Family Violence

Based on the research of the number of women in a relationship experiencing violence for the first time or an escalation in violence, Impact Economics and Policy estimates that:

- ▶ in the first year of the pandemic over 60,000 women in NSW experienced family and domestic violence for the first time; and
- ▶ a further 46,000 experienced an escalation in violence that can be attributed to the pandemic.

Because this is based on the findings of a nationally representative study on the increased incidence of family and domestic violence across Australia in 2020, it is likely to underestimate the impact in NSW which has experienced more stressors in terms of both natural disasters and COVID-19 restrictions than other parts of Australia, excluding Victoria.

In order to quantify the costs of the escalation in family and domestic violence since the start of 2020

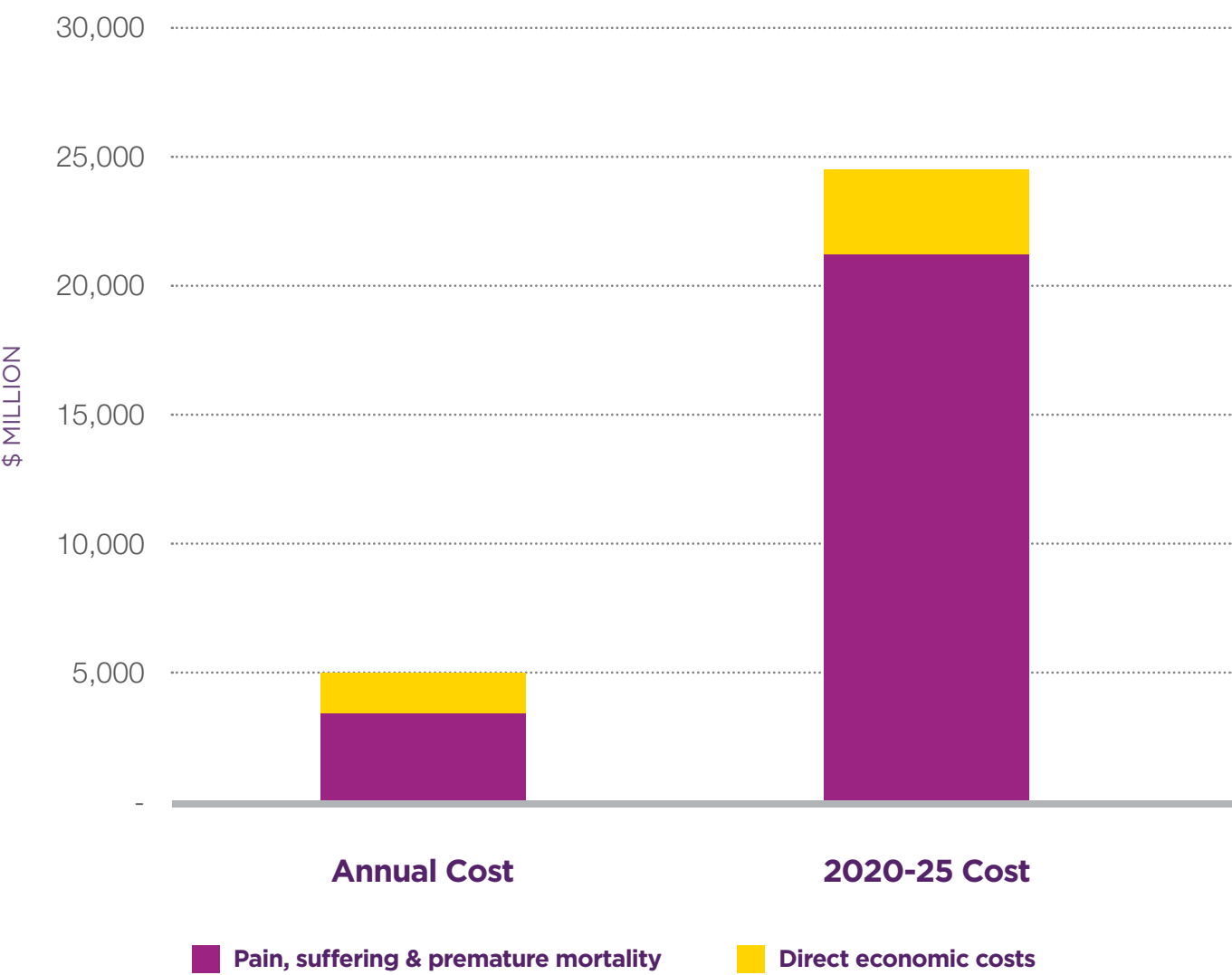
we draw on existing cost estimates of first-time domestic and family violence and a separate unit cost of escalating domestic and family violence. The annual cost of new violence is estimated at \$68,103 per person, and the cost of escalating violence \$20,419. The six-year cost over the period 2020-25 of new violence is \$408,620 and the cost of escalating violence is \$122,514 per person.

Table 3 Domestic and Family Violence Breakdown of Costs

	ANNUAL COSTS		2020-25 COSTS	
	FIRST TIME DV	ESCALATION OF DV	FIRST TIME DV	ESCALATION OF DV
Pain, suffering & premature mortality	\$48,415	\$12,542	\$290,492	\$75,251
Direct costs				
Health costs	\$1,498	\$501	\$8,990	\$3,004
Production related costs	\$2,249	\$ 2,249	\$13,492	\$13,492
Consumption related costs	\$10,482	\$ 1,863	\$62,895	\$11,176
Second generation costs	\$730	\$-	\$4,378	\$-
Administrative & other costs	\$3,265	\$3,265	\$19,592	\$19,592
Transfer costs	\$1,464	\$-	\$8,783	\$-
Total direct costs	\$19,688	\$7,877	\$118,129	\$47,263
Total costs	\$68,103	\$20,419	\$408,620	\$122,514

Based on these estimates, the annual direct economic cost of domestic and family violence during the first year of the pandemic in NSW is estimated at \$1.5 billion, and total economic costs at \$5.1 billion. The total direct costs over the period 2020-25 from the escalation in violence during 2020 are estimated at \$3.3 billion, and total economic costs at \$24.6 billion.

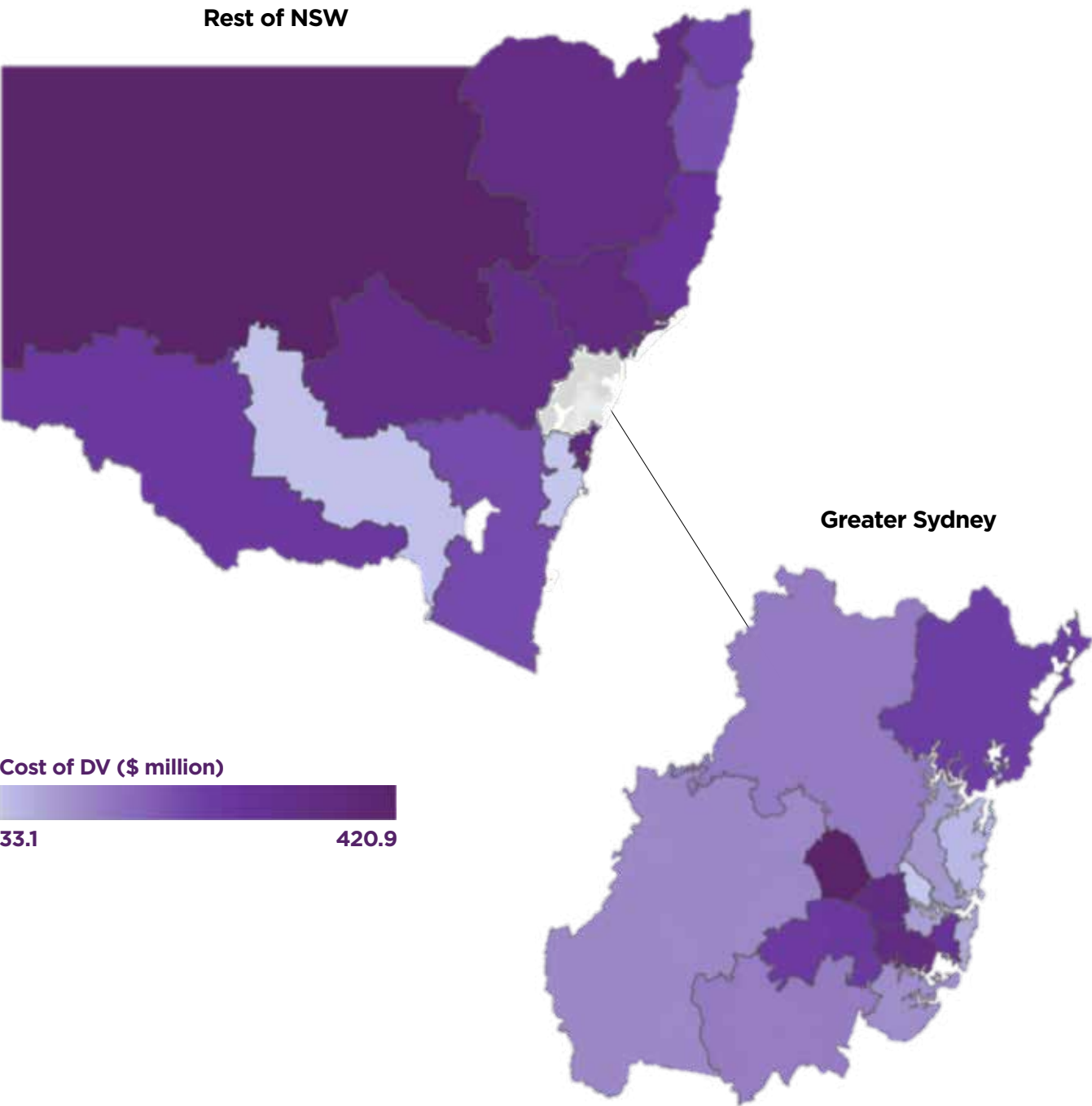
Figure 5 Direct and Total Economic Costs of Increase in Domestic and Family Violence



Source: Impact Economics and Policy calculations

To illustrate the cost of domestic and family violence on a regional basis the total cost of domestic and family violence has been allocated based on assaults reported by each SA4. While we recognise that there is under-reporting of domestic and family violence assaults, this approach assumes that the under-reporting is uniform across the state.

Figure 6 Cost of domestic and family violence by SA4



Source: Impact Economics and Policy analysis
Notes: See Appendix for the data behind this table.



Reducing the Economic Cost of Domestic and Family Violence

Reducing the economic cost of domestic and family violence requires a focus on prevention and supporting women to safely leave violent relationships.

Domestic and Family Violence Support Services

Since the start of the pandemic the NSW Government has increased funding for family and domestic violence services by \$100 million per annum, a significant increase reflecting the higher demand for services. However much of this funding is not ongoing. In comparison, funding in Victoria, which already spent over twice as much on these services at the start of the pandemic, has increased by almost \$180 million. Following the findings into the State’s Royal Commission into Family and Domestic Violence, Victoria now spends almost three times per capita on domestic and family violence.

Increasing funding in NSW to even half the per-capita funding in Victoria would represent an additional investment of \$250 million per year, and **fully closing the gap would require additional funding of \$500 million per year.**

Table 4 Total State Government Spending

	TOTAL FUNDING (\$M)		PER CAPITA FUNDING (\$)	
	NSW	VICTORIA	NSW	VICTORIA
2020-21 Budget	160.5	435.7	19.8	67.0
2021-22 Budget	204.9	582.6	25.3	89.6
2022-23 Budget	262.7	613.0	32.4	94.3

Source: NSW and Victorian Budget Papers and based on 2021 Census population (ABS, 2022)

A significant proportion of this additional investment should be directed to Aboriginal Community Controlled Organisations (ACCOs), to enable the provision of culturally safe services and support, and for Aboriginal and Torres Strait Islander peoples to lead change towards ending sexual, domestic, and family violence in their communities.

Primary Prevention

Violence against women is preventable, with research demonstrating that gender inequality is a key driver of sexual, domestic and family violence. The focus on these broad, underlying drivers has evidence to support its effectiveness.³⁰ However, in NSW, there is a lack of coordination of gender-based violence primary prevention programs and a lack of resources for the development of a primary prevention workforce. Increased funding towards primary prevention is vital to end gender-based violence within our broader communities and population, and further reduce the economic costs of domestic and family violence.

As part of an increase in funding on domestic and family violence, additional funding for intersectional primary prevention approaches to end gendered violence and promote gender equality should be a priority. The sector has previously called for a minimum of \$10 million per year invested in respectful relationships education and a minimum of \$10 million per year invested in other evidence-based primary prevention initiatives.

Social Housing

The lack of social and affordable housing limits the options for women leaving violent relationships, and a commitment to build an additional 5,000 new homes every year for the next decade would provide women a pathway out of domestic and family violence and a safe, secure place to call home.

The cost of building 5,000 additional units has been estimated at \$2.2 billion per year if directly built by the NSW Government, however alternative funding mechanisms including leveraging the Community Housing Sector could reduce this annual cost to the NSW Government by \$631 million.³¹

Income Support Payments

As highlighted by the recent research from Professor Anne Summers, women in Australia are too often choosing between violence and poverty. 37 per cent of single mothers, almost three quarters of whom have experienced domestic and family violence, live in poverty; and those who have survived violence experience almost double the loss of income following the end of their relationship compared to single mothers leaving non-violent relationships.³²

Enabling single parents to stay on the parenting payment until their youngest child turns 16 and increasing these payments to match the age pension would also improve outcomes for women and children escaping violence.





PHOTO COURTESY: DVNSW

Conclusion

The economic and social costs of the natural disasters and pandemic that have besieged NSW since the start of 2020 are large, with the impacts across a number of key domains of wellbeing – mental health, domestic and family violence, child welfare and development and housing stress.

In this report we have focused on the devastating increase in the incidence of family and domestic violence. Impact Economics and Policy estimates that, in NSW, an additional 60,000 women in relationships experienced violence in 2020, and a further 46,000 experienced an escalation in violence.

There are significant economic costs from these increases, which do not account for the impact of the continuing pandemic in 2021 and floods during 2022 which are likely to have further increased rates of violence. We estimate that direct economic costs over the period 2020-25 of the increase in violence during 2020 will reach \$3.3 billion and the total economic costs including pain and suffering will reach \$24.6 billion.

As the NSW Government continues to spend less than half the amount on domestic and family violence services than Victoria, there is an urgent need for additional funding to address this large social and economic cost. We estimate that an additional \$500 million per year is required to match the current Victorian spending.

In addition, the building of 5,000 social and affordable housing units should be made a priority to house the estimated 4,812 women in NSW that are returning to violent partners or facing homelessness because they have nowhere else to go.

Greater investments today will help reduce the long-term impacts of the pandemic, and keep the people of NSW on the path to recovery.

Appendix

Regional Impact of Domestic and Family Violence

Table 5 Breached Apprehended Violence Order

Table 5 Breached Apprehended Violence Order

	APR 2017-MAR 2018	APR 2018-MAR 2019	APR 2019-MAR 2020	APR 2020-MAR 2021	APR 2021-MAR 2022	CHANGE SINCE MARCH 2020 (%)
GREATER SYDNEY						
Central Coast	905	981	908	987	1,069	18%
Sydney - Baulkham Hills and Hawkesbury	103	136	188	158	181	-4%
Sydney - Blacktown	980	1,130	1,085	1,218	1,295	19%
Sydney - City and Inner South	552	655	734	869	872	19%
Sydney - Eastern Suburbs	341	355	454	324	450	-1%
Sydney - Inner South West	652	715	824	870	954	16%
Sydney - Inner West	237	188	219	253	338	54%
Sydney - North Sydney and Hornsby	188	211	221	245	275	24%
Sydney - Northern Beaches	166	256	233	221	163	-30%
Sydney - Outer South West	583	550	579	652	690	19%
Sydney - Outer West and Blue Mountains	690	786	905	1,016	943	4%
Sydney - Parramatta	678	584	715	804	903	26%
Sydney - Ryde	90	127	124	139	123	-1%
Sydney - South West	619	741	778	937	1,057	36%
Sydney - Sutherland	226	268	371	430	385	4%
REST OF NSW						
Capital Region	414	430	483	654	663	37%
Central West	687	722	856	984	1,098	28%
Coffs Harbour - Grafton	447	479	481	561	576	20%
Far West and Orana	766	1,147	1,379	1,262	1,441	4%
Hunter Valley exc Newcastle	860	841	789	925	939	19%
Illawarra	577	647	692	798	692	0%
Mid North Coast	646	718	776	948	955	23%
Murray	355	367	507	517	647	28%
New England and North West	700	716	874	1,025	1,211	39%
Newcastle and Lake Macquarie	917	986	1,102	1,149	1,116	1%
Richmond - Tweed	492	639	596	726	795	33%
Riverina	610	544	714	824	871	22%
Southern Highlands and Shoalhaven	253	313	344	398	441	28%

Table 6 Cost of Domestic and Family Violence by SA4

	DV ASSAULTS (2021)	SHARE OF DV ASSAULTS (%)	SHARE OF TOTAL ANNUAL DV COSTS (\$ MILLION)	SHARE OF TOTAL 2020-25 DV COSTS (\$ MILLION)
GREATER SYDNEY	16,912	53	2,690	12,936
Central Coast	1,471	5	234	1,125
Sydney - Baulkham Hills and Hawkesbury	866	3	138	664
Sydney - Blacktown	2,646	8	421	2,025
Sydney - City and Inner South	1,745	5	278	1,337
Sydney - Eastern Suburbs	425	1	68	327
Sydney - Inner South West	2,183	7	347	1,669
Sydney - Inner West	509	2	81	390
Sydney - North Sydney and Hornsby	568	2	90	433
Sydney - Northern Beaches	318	1	51	245
Sydney - Outer South West	861	3	137	659
Sydney - Outer West and Blue Mountains	730	2	116	558
Sydney - Parramatta	2,129	7	339	1,630
Sydney - Ryde	208	1	33	159
Sydney - South West	1,581	5	252	1,212
Sydney - Sutherland	672	2	107	515
REST OF NSW	15,214	47	2,420	11,637
Capital Region	1,025	3	163	784
Central West	1,374	4	219	1,053
Coffs Harbour - Grafton	992	3	158	760
Far West and Orana	1,646	5	262	1,260
Hunter Valley exc Newcastle	1,459	5	232	1,116
Illawarra	1,457	5	232	1,116
Mid North Coast	1,220	4	194	933
Murray	1,159	4	184	885
New England and North West	1,409	4	224	1,077
Newcastle and Lake Macquarie	1,425	4	227	1,092
Richmond - Tweed	1,067	3	170	817
Riverina	499	2	79	380
Southern Highlands and Shoalhaven	482	2	77	370

Cost of Domestic and Family Violence

PAIN, SUFFERING AND PREMATURE MORTALITY

Pain and suffering are quantified using the burden of disease data (BoD). Burden of disease analysis provides a standardised method for estimating the overall impact associated with a disease or risk factor – in our case, intimate partner violence. This is measured in units called disability adjusted life years (DALYs).

The total amount of the burden reflects the burden that could be avoided if no adult woman had been exposed to intimate partner violence during their lifetime.

Table 7 DALYs Attributable to “Intimate Partner Violence”

DISEASE GROUPS	ESCALATING VIOLENCE	FIRST-TIME VIOLENCE
	DALYS	
Alcohol use disorders		683
Anxiety disorders		11,182
Depressive disorders		15,979
Early pregnancy loss	61	61
Homicide and violence	2,588	2,588
Suicide and self-inflicted injuries	7,086	7,086
Total (DALYs)	9,735	37,578
Total (share)	26%	100%

Source: Institute of Health Metrics, Impact Economics and Policy analysis.

Note: DALYs adjusted for current population using rate of DALYs per 1,000 women (by age group).

To monetise DALYs we use the value of a statistical life – \$223,332 – escalated to current prices using the consumer price index.^{33 34}

Multiplying the value of a statistical life by the total number of DALYs provides us with a total estimate of \$8.4 billion for pain and suffering across Australia. To estimate the unit cost of pain and suffering we divide this by the estimated number of women across Australia that have experienced domestic and family violence within the last 12 months, to produce a unit cost of \$48,415 per woman. This figure is used to monetise the unit cost of domestic and family violence for women that have experienced domestic and family violence for the first time.

For those women that have previously experienced domestic and family violence, we apportion the unit cost using the proportion of DALYs that can be attributed – 26 percent (see Table 3) – to produce an estimate of \$12,542 per woman.

Consistent with the methodology in PwC’s report these were included in the annual cost and five-year cost estimates.

HEALTH COSTS

In 2015 PwC estimated the health costs associated with domestic and family violence at \$1,312 per woman.³⁵ These costs included both the immediate physical and psychological trauma of violence, but also the longer-term effects such as anxiety, depression and substance abuse.

This estimate was inflated to current prices using the health price index, and used to proxy the health costs for women that experienced domestic and family violence for the first time.

For women that experienced an escalation in domestic and family violence, and may have already incurred some health costs previously, such as mental health costs, we took a narrower scope of health costs, focusing on hospitalisation for domestic violence injuries, which cost an estimated \$501 per woman.

Consistent with the methodology in PwC's report these were included in the annual cost and five year cost estimates.

PRODUCTION RELATED COSTS

In 2015 PwC estimated the production related health costs associated with domestic and family violence at \$1,969 per woman. This cost was inflated to current prices using the consumer price index.

Production related costs capture lost production and productivity through the absence or presenteeism of victims, perpetrators and employers. Included in this figure are costs relating to:

- ▶ Victim absenteeism from paid work due to injury, emotional distress or attending court
- ▶ Victims leaving early from paid work
- ▶ Perpetrators absence due to harassing victims
- ▶ Perpetrators absence due to attending family court

- ▶ Perpetrators absence due to legal and criminal justice process
- ▶ Victim absence from unpaid work
- ▶ Perpetrator unable to perform unpaid work
- ▶ Management time to process absentees
- ▶ Searching, hiring and retaining new employees
- ▶ Lost income of victims who should have survived

Consistent with the methodology in PwC's report these were included in the annual cost figures only.

CONSUMPTION-RELATED COSTS

There are two components to consumption costs: the cost associated with property damage, and the longer-term loss of economies of scale. The latter refer to higher future living costs due to a decreased likelihood of being married or in a de facto relationship in the future.

We drew upon the PwC study for the estimation of consumption related costs for first-time victims of domestic and family violence, and inflated to current prices using CPI.

For victims of an escalation in domestic and family violence, we only want to reflect the cost of property damage, since the longer-term loss of economies of scale are considered a sunk cost, and already reflected in previous experience of domestic and family violence (and therefore not attributable to the pandemic).

For an estimation of the cost of the property damage we drew upon a KPMG study, and inflated to current prices using the CPI.

Consistent with the methodology in PwC's report property damage costs were included in the annual cost figures only, and other consumption related costs were included in the 2020-25 figures.

SECOND GENERATION COSTS

Second generation costs look at the cost associated with the care of or intervention for children of the victims of domestic and family violence.

Two approaches were taken to the estimation of second generation costs. The first was to estimate the cost of the components separately, leveraging the Access Economics study as the baseline figure,³⁷ and updating the quantity (i.e. number of children/victims) and cost using the most recent data available. This approach produced an estimate of \$314 per woman (current prices).

This was cross-referenced with the more recent PwC estimate of \$639 per woman. Given the difference in magnitude, and the age of the Access Economics study, we opted to use to PwC figure and inflate to current prices.

Note, second generation costs were only included for women experiencing domestic and family violence for the first time, since exposure to domestic and family violence prior to the pandemic means these costs cannot be attributed to the pandemic for women experiencing an escalation in domestic and family violence.

Consistent with the methodology in PwC's report these were included in the annual cost figures only.

ADMINISTRATIVE AND OTHER COSTS

Similar to second generation costs, administrative costs were estimated by costing the components separately. The methodology, and base costs were largely leveraged from the seminal Access Economics study, and updated with the most recent data. For example, incarceration costs were estimated using the current data on number of incarceration days (2021) for domestic and family violence crimes, and the most current estimation of incarceration costs.

This was also cross-referenced against the PwC estimation of administrative costs, however, since it was lower, the components approach was taken.

It is important to highlight that in selecting the higher cost we have done so to reflect that administrative costs are likely to be an underestimation of the true costs, since there are significant data gaps. As noted in the Access Economics study, 'there is an almost complete lack of relevant data from non-government administrative sources about non-government costs relating to DV.'³⁸

Consistent with the methodology in PwC's report incarceration costs were assumed to be incurred for two years, and other costs one year.

TRANSFER COSTS

Transfer costs are a somewhat technical cost category, used to reflect the cost associated with the loss of economic efficiency generated by transfer payments. Transfer payments are things such as income support and victim compensation, which are a transfer of income from one group of people to another without producing anything for the economy.

The cost associated with these transfers is referred to as deadweight loss, and is typically calculated as a percentage of the total transfers.

Transfer costs were estimated by drawing upon the Access Economic study and updating for current prices and incidence of domestic and family violence.

This figure was only used for first time victims of domestic and family violence, as these costs have typically already been incurred by victims experiencing an escalation of violence and therefore not attributable to the pandemic.

Consistent with the methodology in PwC's report these were assumed to be incurred over two years.

Footnotes

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