



*cutting through complexity™*

# Cost of Violence against Women

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# Overview

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- 2 Why focus on the cost of violence?
- 3 How broad should the scope be?
- 4 Our analytical approach
- 5 Core data
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## 1. Cost of violence in Australia

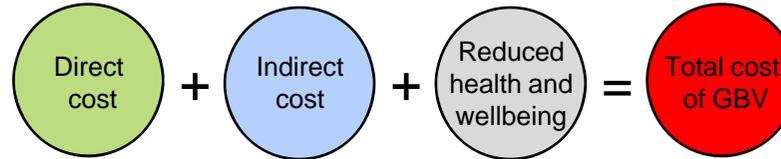
- **Violence against women and their children is a significant cost to the Australian community.**
- **Such violence is estimated to cost \$14.7 USD billion this year using current exchange rates.**
- **The cost of this violence is roughly 1.1% of Australia's GDP or for every man woman and child – \$6500 USD per person.**
- **These costs include:**
  - **Direct or tangible costs** such as the provision of services, facilities and resources to women who experience violence
  - **Indirect or intangible costs** such as the pain, fear and suffering incurred by women and children who live their lives in violence.
  - **Opportunity costs** – that is the cost of opportunities forgone as a consequence of an individual being in or leaving a violent relationship.

- **The nature of these costs include the following cost categories:**
  - **pain, suffering and premature mortality costs** associated with the victims/survivors experience of violence. This is the largest cost category comprising **48% of all costs**.
  - **health costs** include public and private health system costs associated with treating the effects of violence against women. This cost category contains **5% of all costs**.
  - **production-related costs**, including the cost of being absent from work, and employer administrative costs (for example, employee replacement). This cost category contains **8% of all costs**.
  - **consumption-related costs**, including replacing damaged property, defaulting on bad debts, and the costs of moving. This cost category contains **23% of all costs**.

- **second generation costs** are the costs of children witnessing and living with violence, including child protection services and increased juvenile and adult crime. This cost category contains **2% of all costs**.
- **administrative and other costs**, including police, incarceration, court system costs, counseling, and violence prevention programs. This cost category contains **7% of all costs**.
- **transfer costs**, which are the inefficiencies associated with the payment of government benefits. This cost category contains **7% of all costs**.

- **Highlights the economic cost on businesses, government, not-for-profit organisations and individuals**
  - Provides an additional incentive to minimise VAW
  - Generates the political will to act
- **Places the issue of VAW at the forefront of the political and business landscape**
  - Allows the scale of the problem to be measured in the same 'currency' as other economic and social issues
- **Further reduces the social acceptability of VAW**
- **Provides a baseline measure to monitor the impact of changes in VAW over time**
- **Helps inform the potential benefits from interventions to reduce VAW and to improve the wellbeing of women experiencing violence.**

- **Definition of VAW should be broad but consistent across countries.**
- **Should include all violence that results in physical, sexual or psychological harm.**
  - Domestic violence, sexual abuse and rape, trafficking of women, female genital mutilation, and dowry violence.
- **Costs of VAW should include all resources used to prevent VAW and to help women and their children impacted by VAW.**
- **Should also include the cost associated with the perpetrator (e.g., policing, justice, incarceration, lost productivity).**
- **Costs should be broken down into direct costs, indirect costs, and health and wellbeing impacts.**
- **Costs should include lifetime effects.**
  - permanent disability, mental health problems and premature mortality



## Individual

- 1 Medical expenses
- 2 Property damage
- 3 Lost income from reduced productivity
- 4 Lost leisure time
- 5 Lost household production
- 6 Physical injury
- 7 Disability
- 8 Mental health problems
- 9 Premature mortality

## Government

- 10 Health care
- 11 Social services
- 12 Policing and justice
- 13 Reduced tax revenue
- 14 Opportunity cost from using scarce government resources

## Business

- 15 Reduced productivity
- 16 Reduced revenue
- 17 Increased costs
- 18 Reduced access to human capital
- 19 Reduced producer surplus due to distorted markets from increased taxation

## Broader society

- 20 Increased taxation
- 21 Increased volunteer time
- 22 Reduced household income
- 23 Reduced social participation of women
- 24 Reduced lifetime earnings capacity of children
- 25 Lower economic growth
- 26 Reduced consumer surplus due to distorted markets from increased taxation
- 27 Fear of violence against women in society
- 28 Mental health problems for children

- **KPMG used an adaptation of the cost benefit methodology to demonstrate the economic impact of preventing violence against women and their children - using a form of ‘threshold’ analysis (sometimes called break-even methodology).**
- **Threshold analysis was used to demonstrate that it would only take a small change in the reduction of violence against women and children to more than offset the cost of the proposed initiatives.**
- **The purpose of the study was to create a baseline of the estimated total economic impact of violence against women and children to the Australian Economy without intervention.**
- **Against this baseline – strategies can be developed and costed to reduce the prevalence of violence against women and their children in the community.**
  - **From this approach economic benefits can be estimated.**

- **Studies in this field generally use an *incidence* or *prevalence* approach – determining the approach has significant implications for costing:**
  - *Incidence* - measures lifetime costs associated with violence in a given year, based on the number of new cases of violence in that year. That is, it includes the costs of domestic violence occurring in that year for the first time.
  - *Prevalence* - measures the costs associated with violence in a specific year, based on the number of women experiencing violence in that year. That is, it includes the costs of all violence occurring in that year.
- **This study used a reported prevalence approach based on Australian Bureau of Statistics (ABS) Personal Safety Survey data**
  - This enabled the study to capture the costs of all reported violence occurring in that year (rather than just events originating in that year)
  - The study **did not include un-reported violence**

- **Costing methodologies are generally either ‘top down’ or ‘bottom up’**
- **‘Top down’ costing uses aggregate data sourced from government to determine the proportion of resources used for GBV**
  - Good for evaluating government related costs (if data is available)
  - Misses out on a large proportion of costs (e.g., productivity loss, health impacts)
- **‘Bottom up’ costing typically uses a sample of people who have experienced GBV to determine their resource use**
  - Can capture a larger variety of costs
  - Sample may not be representative of population (often small)
- **Type of methodology chosen dramatically impacts costing estimates**
- **The best approach will be determined by data availability**

### Top down methodology

#### Advantages

- Good for evaluating government related costs of GBV
- Uses government collected data so no primary data collection is required
- Ensures cost estimates are not greater than costs actually used by government
- Allows measurement of GBV relative to other government programs
- Can be straightforward to use

#### Disadvantages

- Severely under estimates costs of GBV. Does not include indirect costs or health and wellbeing related impacts
- May be difficult to undertake if government data is highly aggregated
- Relies on the availability and quality of government data
- Hard to accurately proportion marginal government expenditure to GBV

### Bottom up methodology (also known as the accounting methodology)

#### Advantages

- Can capture a wide variety of costs
- Reduces the potential to underestimate costs
- Can identify differences in resource use across different types of GBV
- Is more flexible to estimate the impacts of policy change on GBV impacts
- Can be used to measure health and wellbeing impacts

#### Disadvantages

- Requires large amounts of data and often primary data collection, which can be expensive
- Sample from which data is collected on the impacts of GBV may not be representative of the population
- Difficult to account for differences in the sample to the population.
- Often relies on previous literature to determine proxy measures for resource use.
- Can severely overestimate costs if the sample is biased towards worst cases

- **An attempt is better than no attempt. If it doesn't get measured it doesn't get managed**
- **Need to be conservative – err on the side of over-claiming costs and under-claiming benefits**
- **Use sensitivity analysis to show how changes in key assumptions affect results - a small change in one assumption and initiative can go from being good to poor value for money**
- **Be transparent show all workings and assumptions**
- **Build on existing work being fully aware of limitations**
- **Ground the analysis in reality – experienced and skilled professionals can advise whether estimates accord with real world experience**
- **Adaptation of traditional methods to overcome limitations – i.e. KPMG adapted CBA and used a 'threshold' analysis**
- **Threshold analysis was used to demonstrate that it would only take a small change in the reduction of VAWC to more than offset the cost of initiatives**
- **Longitudinal studies are necessary to gain insight into what works in a sustainable manner and to help guide future investment.**

- **Regardless of the different settings, different cultural circumstances, data limitations and general analytical constraints there is benefit in commencing work on understanding the real economic impact of violence against women.**
- **By exposing the methodological limitations of our approaches we create incentives to address the current limitations so a more robust base can be established against which progress can be monitored.**
- **Ultimately we should move to a global measurement methodology to create the basis against which change can be monitored.**
  - This needs to be supported by **a small set of common performance indicators** that have meaning and guide investment and practice so we can improve outcomes for all women experiencing violence.

# Presenter

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