

The economic costs of child abuse

How much does Australia spend on child protection?

According to the Productivity Commission's (2003) *Report on Government Services 2002*, in the year 2000-2001 the following amounts were spent directly on providing services to children who had experienced, or who were at risk of experiencing, child abuse and neglect in Australia.

- \$712 million was spent across Australia directly on child protection and supported placement services.
- Nationally, out-of-home care services accounted for the majority of this expenditure (57.8 per cent, or \$411.3 million).
- Real recurrent expenditure for every child aged 0-17 years was about \$150 per child in

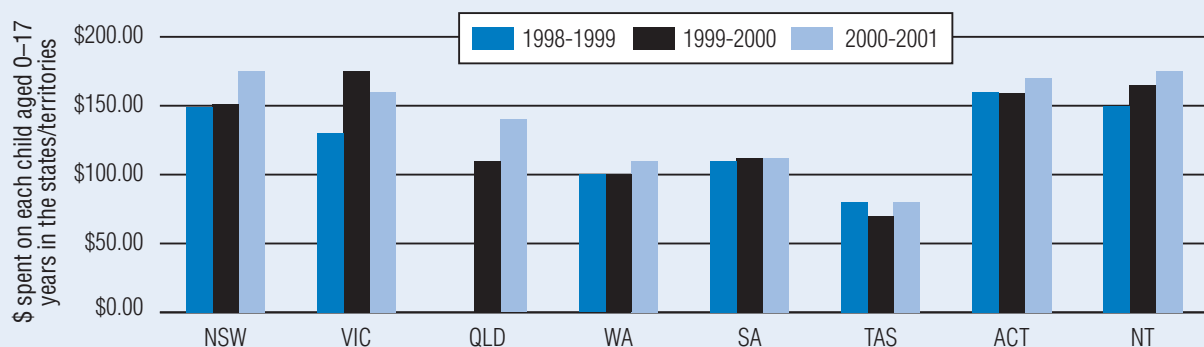
2000-2001. This varied across jurisdictions, from \$177 in the Northern Territory to \$81 in Tasmania.

- During the years 1999-2000 and 2000-2001, real recurrent expenditure on child protection and out-of-home care services per child aged 0-17 years increased in all jurisdictions except Victoria and South Australia.

How much does each state spend on child protection?

Figure 1 is from the *Report on Government Services, 2002*, produced by the Productivity Commission (2003). It shows each state and territory's expenditure on child protection and out-of-home care services during the period 1998-2001.

Figure 1 State expenditure on child protection and out-of-home care services, 1998-2001



Source: Productivity Commission 2003.

Spending in South Australia

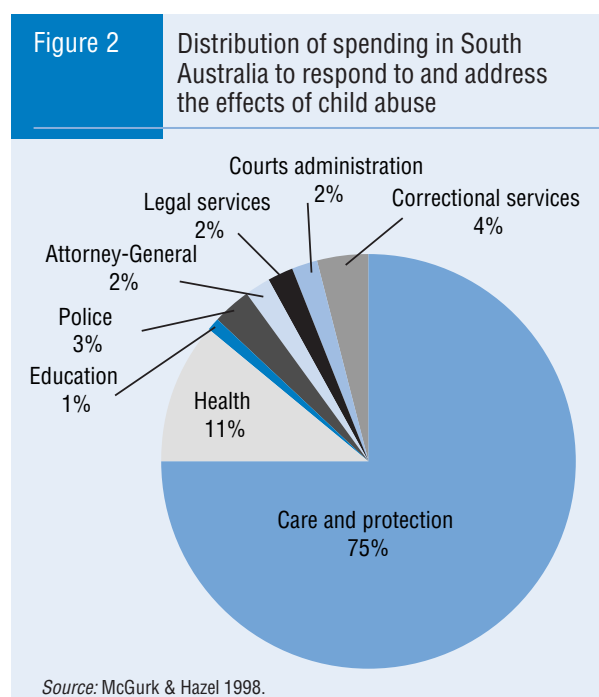
With regard to South Australia, a report was commissioned to make an analysis of the direct costs of child abuse in the areas of child protection responses, health, education, police and justice services across the state during the 1995-1996 financial year.

This report (McGurk and Hazel 1998) found that over the course of the year South Australia spent more than \$41.4 million responding to and treating the effects of child abuse and neglect on children and their families.

Figure 2 shows the distribution of spending in South Australia during the year 1995-1996.

How much does the Australian Government spend on child abuse prevention?

Child abuse prevention programs aim to prevent the occurrence of child abuse in the Australian community. Prevention programs can be large-scale and provided to all families and children (primary prevention programs), or they can be more specific and target families and children who are “at risk” of child abuse (secondary prevention programs), or provided to families where child abuse has occurred in order to prevent the recurrence of abuse (tertiary prevention programs).



The Australian Government contributes to child abuse prevention via programs funded by the Australian Government Department of Family and Community Services (FaCS).

FaCS funds the Australian Council for Children and Parenting that provides a community perspective on issues relating to children and parents, including child abuse prevention.

In 2001-2002, FaCS outlaid about \$4 million on direct child abuse prevention projects. According to information provided to the Community Affairs Legislation Committee Budget Estimates in August 2002, these projects were divided into three broad categories:

- *Early Intervention Parenting* (\$3.4m) – is a range of projects run by community groups aimed at child abuse prevention and improved parenting.
- *Good Beginnings Prototype Projects* (\$157,000) – are further projects aimed at preventing child abuse.
- *National Child Protection Clearinghouse* (\$359,000) – is a major “one-stop shop” on research and information on child abuse in Australia.

What are the long-term costs of child abuse?

The longer-term, or indirect, financial costs associated with child abuse are fairly difficult to quantify and little detailed research has been carried out in Australia to attempt to do so.

However, substantial research has discovered a number of adverse impacts of childhood abuse and neglect, many of which may have significant financial costs both for the individual and Australian society more generally. These include:

- future drug and alcohol abuse;
- mental illness;
- poor health;
- homelessness;
- juvenile delinquency;
- juvenile or adult criminal behaviour; and
- possible incarceration.

Of course, not all children who have suffered abuse go on to develop these problems.

What is the case in the United States?

In 2000, *Prevent Child Abuse America* released a report on the direct (immediate) and indirect (long-term) costs of child abuse and neglect in the United States.

The report estimates that the United States spends \$US 94 billion annually (\$US 258 million each day) in response to child abuse, which amounts to \$US 1,462 per American family per year.

The report estimates that the United States spends more than \$US 24.3 billion annually on the direct effects of child abuse: the child welfare system (\$ US 14 billion a year), hospitalisation and treatment of injuries; chronic health problems; mental health care; law enforcement interventions; and judicial proceedings.

The amount spent annually treating the long-term, indirect effects of child abuse, including special education, mental and physical health care, juvenile delinquency, lost productivity, and adult criminality is estimated at more than \$US 69.5 billion.

The report estimates the costs of long-term health and mental health care at \$US 4.6 billion.

The most costly long-term effects are those associated with responding to adults who, because of earlier abuse, are involved in criminal activity. The report puts these costs at more than \$US 55 billion annually. The report suggests that 13 per cent of all adult violence can be linked to earlier child maltreatment.

The report also includes \$US 8.8 billion in annual costs associated with juvenile delinquency, which is likewise linked to earlier abuse for many.

Also included in the estimate is \$US 656 million annually for the cost of lost productivity to society from adult survivors of child abuse, who are disproportionately affected by unemployment and underemployment later in life.

For more information about studies conducted in the United States on the costs of child abuse and child abuse prevention, see the National Clearinghouse on Child Abuse and Neglect Information at www.calib.com/nccanch/pubs/prevenres/pays.cfm

Further reading

Franey, K., Geffner, R. & Falconer, R. (eds) (2001), *The Costs of Child Maltreatment: Who Pays?*, Family Violence and Sexual Assault Institute, USA.

Fromm, S. (2001), *Total Estimated Costs of Child Abuse and Neglect in the United States: Statistical Evidence*, Prevent Child Abuse America, USA. Online: www.preventchildabuse.org/learn_more/research.html

McGurk, H. & Hazel, V. (1998), *The Economic Cost of Child Abuse and Neglect in South Australia*, Australian Institute of Family Studies, Melbourne, and Office for Families and Children, Canberra.

Productivity Commission (2003), *Steering Committee for the Review of Commonwealth/State Service Provision, Report on Government Services 2002*, Productivity Commission, Canberra. Online: www.pc.gov.au/gsp/2003/



Australian Government

Australian Institute of Family Studies
National Child Protection Clearinghouse

The National Child Protection Clearinghouse has operated from the Australian Institute of Family Studies since 1995. The Clearinghouse is funded by the Australian Government Department of Family and Community Services as part of its response to child abuse and neglect. The Clearinghouse collects, produces and distributes information and resources, conducts research, and offers advice on the latest developments in child abuse prevention, child protection, and associated family violence.

Resource Sheets can be downloaded from: www.aifs.gov.au/nch/sheets/menu.html

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