



resource sheet

NATIONAL CHILD PROTECTION CLEARINGHOUSE

The economic costs of child abuse and neglect

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In this Resource Sheet, we examine expenditure related to child abuse and neglect that is made by departments responsible for child protection services in Australia.

How much does Australia spend on child protection?

According to the Productivity Commission's *Report on Government Services* (Steering Committee for the Review of Government Service Provision [SCRGSP], 2011), in the year 2009–10 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.

- Nationally, approximately \$2.5 billion was spent on child protection and out-of-home care services in 2009–10, which was an increase of \$296.3 million (13.2%) from 2008–09. Of this expenditure, out-of-home care services accounted for the majority (64.9% or \$1.7 billion).
- For every child aged 0–17 years in the Australian population, real recurrent expenditure (expenditure that does not result in fixed assets) on child protection and out of home care services was approximately \$498 per child in 2009–10. This varied across

jurisdictions, from \$362 in Victoria to over \$938 in the Northern Territory.

- Over the period 2005–06 to 2009–10, real recurrent expenditure on child protection and out-of-home care services per child aged 0–17 years increased in all jurisdictions except for the Australian Capital Territory.
- Nationally, \$277 million was spent on intensive family support services for families at risk of child removal and for families already in the child protection system across all state and territory jurisdictions. Over the past 5 years expenditure on intensive family support services has increased in real terms each year from \$81.7 million in 2005–06. There has been an average annual increase in expenditure of 35.7% over the period.

Spending on child protection in Australian states and territories

The annual *Report on Government Services* (SCRGSP, 2011) provides a breakdown of expenditure by each state and territory on:

- *child protection services (CPS)*—defined as services funded to perform the “functions of government that receive and assess allegations of child abuse and neglect, and/or harm to children and young people, provide and refer clients to family support

and other relevant services, and intervene to protect children” (p. 15.2);

- *out-of-home care (OOHC)*—defined as “care for children placed away from their parents for protective or other family welfare reasons” (p. 15.2), including alternative care settings such as foster care or residential care; and
- *intensive family support services (IFSS)*—those services designed to “prevent the imminent separation of children from their primary caregivers as a result of child protection concerns [and] reunify families where separation has already occurred” (p. 15.4).

Table 1 provides an overview of state and territory government real expenditure on child protection, out-of-home care and intensive family support services in 2009–10. Real expenditure is described as actual expenditure adjusted for changes in prices, using the GDP price deflator and expressed in terms of final year prices.

Tables 2 to 9 provide an overview of the total real expenditure of each state and territory government over the previous 5 years for the purpose of providing child protection services, intensive family support services, and out-of-home care.

Table 1. State and territory real recurrent expenditure on child protection services (CPS), out-of-home care (OOHC) and intensive family support services (IFSS), 2009–10

	CPS	OOHC	IFSS	Total
ACT	\$10,820,000	\$20,990,000	\$1,524,000	\$33,334,000
NSW	\$358,479,000	\$641,519,000	\$141,894,000	\$1,141,892,000
NT	\$18,901,000	\$40,210,000	\$498,000	\$59,609,000
QLD	\$230,920,000	\$333,719,000	\$61,055,000	\$625,766,000
SA	\$38,019,000	\$115,884,000	\$3,627,000	\$157,530,000
TAS	\$20,006,000	\$32,778,000	\$4,174,000	\$56,958,000
VIC	\$153,869,000	\$292,229,000	\$57,430,000	\$503,528,000
WA	\$61,359,000	\$173,284,000	\$6,799,000	\$241,442,000
Australia (Total)	\$892,445,000	\$1,650,613,000	\$277,001,000	\$2,820,059,000

Source: SCRGSP (2011)

Table 2. Australian Capital Territory

Period	CPS	OOHC	IFSS
2005–06	\$13,587,000	\$21,677,000	\$690,000
2006–07	\$12,148,000	\$20,746,000	\$1,145,000
2007–08	\$10,539,000	\$20,555,000	\$1,521,000
2008–09	\$11,004,000	\$20,494,000	\$1,496,000
2009–10	\$10,820,000	\$20,990,000	\$1,524,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in the Australian Capital Territory, refer to Department of Disability, Housing and Community Services (2010).

Table 3. New South Wales

Period	CPS	OOHC	IFSS
2005–06	\$246,331,000	\$344,916,000	\$7,684,000
2006–07	\$266,921,000	\$404,759,000	\$21,306,000
2007–08	\$300,045,000	\$492,976,000	\$21,217,000
2008–09	\$263,859,000	\$559,725,000	\$140,160,000
2009–10	\$358,479,000	\$641,519,000	\$141,894,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in New South Wales, refer to Department of Community Services (2010).

Table 4. Northern Territory

Period	CPS	OOHC	IFSS
2005–06	\$9,705,000	\$19,794,000	na
2006–07	\$9,555,000	\$21,293,000	\$463,000
2007–08	\$12,051,000	\$28,762,000	\$480,000
2008–09	\$15,455,000	\$35,272,000	\$726,000
2009–10	\$18,901,000	\$40,210,000	\$498,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in the Northern Territory, refer to Department of Health and Families (2010).

Table 5. Queensland

Period	CPS	OOHC	IFSS
2005–06	\$160,674,000	\$241,161,000	\$46,240,000
2006–07	\$177,532,000	\$292,155,000	\$57,062,000
2007–08	\$204,966,000	\$309,266,000	\$64,679,000
2008–09	\$224,752,000	\$313,050,000	\$60,652,000
2009–10	\$230,992,000	\$333,719,000	\$61,055,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in Queensland, refer to Department of Child Safety (2009) and Department of Communities (2010).

Table 6. South Australia

Period	CPS	OOHC	IFSS
2005–06	\$33,747,000	\$47,202,000	\$1,779,000
2006–07	\$33,885,000	\$81,130,000	\$1,873,000
2007–08	\$36,813,000	\$90,795,000	\$1,847,000
2008–09	\$36,328,000	\$101,287,000	\$3,635,000
2009–10	\$38,019,000	\$115,884,000	\$3,627,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in South Australia, refer to Department for Families and Communities (2010).

Table 7. Tasmania

Period	CPS	OOHC	IFSS
2005–06	\$7,858,000	\$27,948,000	\$1,200,000
2006–07	\$14,723,000	\$32,004,000	\$194,000
2007–08	\$17,142,000	\$27,560,000	\$224,000
2008–09	\$19,222,000	\$26,098,000	\$2,301,000
2009–10	\$120,006,000	\$32,778,000	\$4,174,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in Tasmania, refer to Department of Health and Human Services (2010).

Table 8. Victoria

Period	CPS	OOHC	IFSS
2005–06	\$113,738,000	\$215,108,000	\$20,618,000
2006–07	\$118,808,000	\$221,612,000	\$24,860,000
2007–08	\$125,914,000	\$235,458,000	\$43,932,000
2008–09	\$144,550,000	\$267,049,000	\$54,667,000
2009–10	\$153,869,000	\$292,229,000	\$57,430,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in Victoria, refer to Department of Human Services (2010).

Table 9. Western Australia

Period	CPS	OOHC	IFSS
2005–06	\$30,050,000	\$88,274,000	\$3,478,000
2006–07	\$34,522,000	\$98,760,000	\$3,477,000
2007–08	\$43,382,000	\$129,533,000	\$3,766,000
2008–09	\$51,679,000	\$156,922,000	\$3,938,000
2009–10	\$61,359,000	\$173,284,000	\$6,799,000

Source: SCRGSP (2011), Table 15A.1

Note: Dollar figures for 2005–06 to 2008–09 are adjusted according to inflation to 2009–10 dollar figures to allow for meaningful comparisons of changes in real expenditure. For more information about the cost of child abuse and neglect in WA, refer to Department for Child Protection (2010) and Department for Communities (2010).

Prevention costs

The data presented above describe the expenditure by government departments responsible for child protection in responding to identified risk of child abuse and neglect or the actual occurrence of child abuse and neglect. In addition, Australian governments fund programs and services designed to prevent the occurrence of child abuse and neglect and ameliorate the risk factors that contribute to child abuse and neglect. The *National Framework for Protecting Australia's Children 2009–2012* has a key focus on funding programs aimed at preventing child abuse and neglect and therefore expenditure relating to prevention may be expected to increase. Prevention services and support programs can be large-scale and made available to all children and families (i.e., primary or universal prevention programs), or targeted towards children and families who are “at risk” (i.e., secondary prevention programs).

The range of possible child abuse prevention activities are also very broad and can include direct child abuse prevention interventions such as teaching children about “good touch and bad touch” or interventions such as health, education and child care services, which are available to support all families. Some of the broad policy areas considered particularly relevant to child abuse prevention include: maternal and child health, parenting education and support, programs for people with a disability, domestic violence prevention, housing support, mental health and substance use programs, poverty alleviation and child care assistance (Taylor et al., 2008). In other words, programs that are not strictly designed to prevent the occurrence of child maltreatment may serve to prevent maltreatment by addressing known risk factors for child abuse and neglect.

The fact that many services funded to provide support and assistance to families may also help to prevent child abuse and neglect makes it difficult to specifically quantify expenditure on child abuse prevention activities.

How much do states and territories spend on child abuse prevention?

Service classifications from each jurisdiction’s annual report on child abuse prevention vary considerably; to the extent that it is not feasible to quantify and compare expenditure across states and territories on child abuse prevention.

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

Although statutory child protection is the responsibility of state and territory governments, the Australian Government contributes directly to child abuse prevention primarily through programs funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). In FaHCSIA’s (2010a) *Annual Report 2009–10*, child abuse prevention was included in Program 1.1: “Family support”. While the programs and services in Program 1.1 are designed to assist families, most are not directly contributing to child abuse prevention. The most relevant area to child abuse prevention is under “Children and Parenting Services”. Total expenditure on “Children and Parenting Services” was not stated in the Annual Report 2009–10, however anticipated expenditure was \$81.794 million according to FaHCSIA’s (2010b) *Budget and Additional Estimates Statement 2009–10*. Estimated expenses for the whole of Program 1.1 “Family Support” was \$238.372 million.

It is clear that FaHCSIA funds a number of organisations and agencies that work at the national level to support the prevention of child abuse and neglect, including the National Child Protection Clearinghouse. However, it is also important to note that other Australian Government departments indirectly contribute to child abuse prevention (e.g., the Attorney-General’s Department provides funding for family violence prevention), but may not report on or identify their expenditure as “child abuse prevention”. Therefore, accurately identifying and quantifying total Australian Government expenditure is difficult.

Estimated annual expenditure on child abuse prevention across Australia

Taylor et al. (2008) attempted to calculate a total cost to the Australian community of spending on child protection and prevention in 2007–08. Based on economic analysis of 2007–08 data (or projections based on 2006–07 data where 2007–08 data were unavailable), the authors estimated that total spending on child abuse prevention in Australia across all government departments in 2007–08 was approximately \$1.16 billion. However,

it is important to note that this figure is an estimate based on limited data.

What are the long-term costs of child abuse?

The immediate economic cost to the community of providing child protection services is only one facet of the overall cost associated with child abuse and neglect. The longer term or indirect financial cost associated with child maltreatment is also substantial. National and international research literature has demonstrated a number of adverse impacts of child abuse and neglect, many of which are associated with significant financial costs for individuals and the communities in which they live (Richardson, 2005), such as:

- future drug and alcohol abuse;
- mental illness;
- poor health;
- homelessness;
- juvenile offending;
- criminality; and
- incarceration.

Of course, not all children who have suffered abuse or neglect go on to develop these problems. However, it is clear from such research findings that the experience of child maltreatment can come at great cost to individuals and society more broadly. Taylor et al. (2008) estimated that the annual cost of child abuse and neglect for all people ever abused in Australia was \$4 billion in 2007, while the value of the burden of disease (a measure of lifetime costs of fear, mental anguish and pain relating to child abuse and neglect) represented a further \$6.7 billion. The report also estimated that the lifetime costs for the population of children reportedly abused for the first time in 2007 would be \$6 billion, with the burden of disease representing a further \$7.7 billion.

Economic research on young people leaving out-of-home care also illustrates the high financial cost associated with inadequate support for children transitioning from care to independence. Raman, Inder, and Forbes (2005) projected the direct costs to the Victorian State Government of service provision to care leavers, taking into account: housing, the justice system and corrective services, police, drug and alcohol services, mental health, health, employment, and lost GST revenue. The total lifetime costs associated with outcomes for young

people leaving care were estimated to be \$738,741 (2004–05 dollars) per care leaver. Estimating that there are, on average, 450 care leavers per year in Victoria, Raman et al. determined that the total cost per year for the state government was \$332.5 million (this is an annual cost, as a new cohort of young people leave care each year). The authors cautioned that this represents a conservative estimate of the direct cost to state governments of providing services to care leavers and argue that savings could be made by better supporting young people as they transition from care to independent living. (The costs of young people leaving care are discussed further in Osborn & Bromfield, 2007.)

Conclusion

The direct economic costs of child abuse and neglect are substantial. The additional costs associated with long-term effects of child abuse and neglect make the prevention of child abuse and neglect a priority. More importantly, the prevention of child abuse and neglect is a critical priority because of the social costs of child abuse and neglect and the imperative to prevent children from experiencing its devastating effects.

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