

The Economic Cost of Family Violence in Counties Manukau

1. Introduction

This paper has been prepared for the Tomorrow's Manukau Reducing Family Violence Group at the request of the project sponsors. The purpose is to provide the group with an insight into the economic consequences of family violence and to consider how the estimates can be enhanced by for example factoring into the equations the costs from all principal organisations. The information provided should also help inform actions identified in the critical pathways programme to deal with blocks and barriers impeding progress.

2. Background

In 1994, Suzanne Snively of Coopers and Lybrand constructed a model to estimate the economic cost of Family Violence in New Zealand. The work was commissioned by the Family Violence Unit of the Department of Social Welfare to create a framework for estimating the economic cost of family violence. The results were used by them to help inform approaches to reducing family violence. As with all models they are as good as the assumptions employed and how they are manipulated; the data provided to populate them and on the equations used to generate the estimates. The data was obtained from agencies providing services to those who survived family violence.

In the past 15 years refinements have taken place to the collection of information, which means the model can be used to create estimates for Counties Manukau. It also means the unit costs used originally will have increased however for ease of comparison the costs are shown as of 1994. In estimating the economic cost of family violence in Counties Manukau the Suzanne Snively model has been utilised to retain consistency of approach. The material used to help formulate estimates are based on police statistics on family violence related incidents and offences. In addition, the implications on the lives of children and young people exposed to family violence have been partially factored into the model.

3. Base Scenario Estimates using the Snively model.

Three scenarios were used by Snively to analysis the costs, these were:

- i) Base scenario, where direct costs are associated with the number of police callouts, which are seen as a measure of the number acknowledging family violence.
- ii) Five times callout scenario, assumes that five times as many people acknowledge family violence as call out the police, when measuring the direct cost.

- iii) Income foregone scenario, which imputes the cost of labour market income foregone because of work days assumed to be lost through family violence.

This paper only utilises the first scenario to estimate the cost of a survivor of family violence.

	Reported case	Unreported case
Direct cost to Individual per survivor	\$10,329	\$56
Cost to the government per survivor	\$20,386	0

Source: Suzanne Snively, *The New Zealand Economic Cost of Family Violence*

The number of family violence related incidents reported to the Counties Manukau Police in 2008 was 12,510 and in 2005 they were 10,230 (Source: Police). The Average annual rate of increase of reported incidents is 6.9% pa. This is based on reported acts, but as the Police estimate only 18% are reported. (Source: *Reporting domestic/family violence www.areyouok.org.nz*)

Taking the figures provided by the Police and using Suzanne Snively calculations it is estimated that the economic cost of family violence (in terms of 1994 dollars) in Counties Manukau in 2008 was as follows:

	Reported case	Unreported case	Total
Estimated number of survivors	12,510	56,990	
Direct cost to Individuals	\$129,220,042	\$3,209,184	
Cost to the government	\$255,028,860		
Total economic cost	\$384,248,902	\$3,209,184	\$387,458,086

In terms of December 2009 dollars, the total economic cost would be 40% higher, i.e. \$542,441,200. The updated figures provide an indication that it costs over **\$42,000 in 2010** to provide services and support to individual survivors of family violence.

4. Additional economic costs

Despite the size of the above estimates they are not comprehensive as at least two key components are missing as acknowledged by Snively. The areas in which additional costs are incurred include:

- i) Services provided to families suffering from domestic violence by NGO's, Churches and Marae.
- ii) Lost hours in employment which impacts on employers who may also have to cover sick leave, and family income. The reasons for this include:

- Care and attention to injuries received, which may include visits to medical practitioners and hospital and
- Attending counselling sessions and court hearings.

A cost not included in the above is that of children and young people exposed to family violence. Research suggests that children and young people who experience family violence are at risk of a greater prevalence to truant and fail at schools; leave the education system early; be violent, and engage in risk taking behaviour. They may also negatively affect the performance and behaviours of their peers at school. The cost of services to these young people, the damage they cause themselves and the community and the loss of earning they suffer should be factored into the equation.

The difficulty is how to factor in the costs when there are so many variables and unknowns. Whilst there is a large body of research showing the impact family violence can have on children and young people estimating the effects is exceedingly problematic as there is no direct cause and effect linkage.

5. Impact on children and young people

The 2007 survey of 9,546 Secondary School Youth Health and Wellbeing¹ provides a sound starting point as most students (92%) report they feel cared for a lot by at least one parent or person who acts as a parent. The majority (71%) also report that they feel close to a parent. However the following adult to adult actions in their home were reported as taking place in a twelve month period:

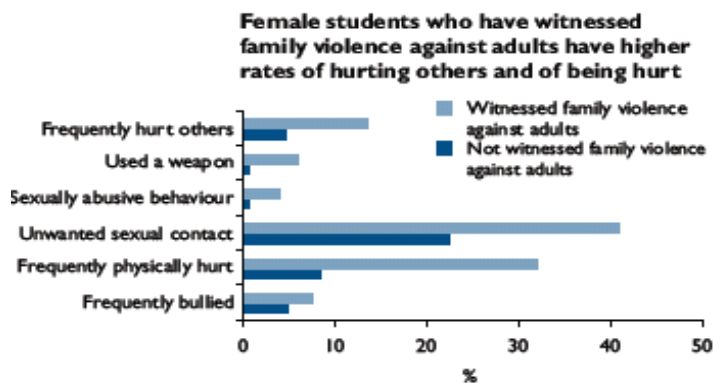
- 49% reported adults yelling or swearing
- 6% experienced physically hurting
- 1% reporting that adults had hurt another adult in their home three times or more

In respect of adult's actions against children reported by the students as having taken place in their home in the past twelve months, they stated the following:

- 48% yelling or swearing
- 16% hitting or physically hurting
- 4% reporting this had happened three times or more

The survey also identifies that for those witnessing family violence at home there is an association "*with the increased likelihood of being a victim and a perpetrator of violence.*" The following two graphs demonstrate the increases across six different indicators.

¹ Findings of Youth 2000, Violence and New Zealand Young People, University of Auckland, 2007. <http://www.youth2000.ac.nz/publications/reports-1142.htm>



Statistics from *Reporting Domestic /Family Violence* indicate that at least 74,785 children and young people aged under 17 were present at family violence situations attended by Police (out of a New Zealand total of 86,545 family violence incidents and offences in 2008). The average number of children and young people in the population exposed to a family violence based on these figures is 0.86

The data reveals that 38% of violent incidents repeat more than once in a family and 18% repeat three or more times. The average number of incidents per family in reported incidents is therefore 1.67.

Combine the above two figures, and it is estimated that in Counties Manukau there were 35,962 children/young persons exposed to family violence in 2008. At a 6.9% rate of increase of family violence per annum, the number of children exposed to family violence increases by 2,500 per year.

There are serious negative impacts on children who live with family violence. However, the interplay between family violence and the impact on children is complex, with research on the impact of family violence on children showing differing effects. Studies have demonstrated that the predictors of adverse long-term outcomes for children are the duration of violence, its severity and frequency (Humphries, 2007).

Research has consistently demonstrated that children living with family violence have higher rates of depression and anxiety (McClosky et al., 1995), trauma symptoms (Graham-Bermann and Levendosky, 1998) and behavioural and cognitive problems compared to children who do not experience family violence. Concern is emerging about the possible interaction of the environment and neurobiological development of the baby and infant where there has been exposure to trauma in early childhood (Perry, 1997, Schore, 2003). Babies can exhibit signs of distress, with high levels of ill health, excessive screaming, poor sleeping patterns (Jaffe et al., 1990) and disrupted attachment (Quinlivan and Evans, 2005). A healthy relationship with a primary carer, positive subsequent life experiences and good social support can protect against long-term negative outcomes in children and young people experiencing family violence (Resnick et al., 1997).

There is overseas research which identifies that children in homes where domestic violence occurs are physically abused or seriously neglected at a rate 1500% higher than the national average². In a study of adverse childhood experiences, Felitti, Anda and their colleagues (Whitfield, Anda, Dube, & Felitti, 2003) found that among the 8,629 HMO patients studied, men exposed to physical abuse, sexual abuse, and adult domestic violence as children were 3.8 times more likely than other men to have perpetrated domestic violence as adults³. Children exposed to violence were almost four times more likely than others to develop emotional or behavioral problems⁴. Many studies have also found that children from violent homes show signs of more aggressive behaviour, such as bullying, and are up to three times more likely to be involved in fighting^{5,6}.

Generally, research shows that boys who witness violence are three times more likely to grow up to use violence in their intimate relationships than those boys not exposed to family violence (Stark & Flitcraft, 1996). This same research shows that violence is quite a legacy; sons of violent fathers have an estimated rate of woman abuse 1,000 times higher than the sons of nonviolent fathers⁷.

"Reported family violence in Counties Manukau is far greater than any other place in the country and constantly provides challenges for us in meeting those needs. In this District, we see the downstream effects of inter-generational family violence in the form of high truancy and youth offending rates, assaults and anti-social behaviour." (Commissioner Superintendent Steve Shortland)

² National Woman Abuse Prevention Project, Washington, D.C.

<http://www.clarkprosecutor.org/html/domviol/effects.htm>

³ http://new.vawnet.org/category/Main_Doc.php?docid=585

⁴ <http://www.news-medical.net/news/2009/04/30/48992.aspx>

⁵ http://www.unicef.org/chinese/media/media_35151.html

⁶ Baldry, A.C., 'Bullying in Schools and Exposure to DV', Child Abuse and Neglect, vol.27, no.2, 2003).

⁷ <http://www.education.com/reference/article/long-term-effects-domestic-violence/>

6. Estimating Costs – Children and Young People

An estimate of cost for the impact of family violence on children and young people has not been calculated. What is provided are some examples of the costs which exposure to family violence by children and young people may incur. The reason for not creating a base cost is that there is no linear cause and effect as children and young people show a great diversity in their responses to experiencing family violence for example some may act out at school whilst others may excel as, school is a safer environment than home. The intergenerational cycle of violence theory, which suggest that children and young people exposed to family violence are at greater risk of perpetrating such violence in their adult lives is supported by some studies and not by others. Where this theory is supported the relevant research puts the figure around 30%, which means the majority do not go on to perpetrate violence. This is reinforced by Boyd ⁸ who discovered that the majority of young men who are exposed to family violence do not go on to be perpetrators of violence in their own lives.

Violence begets violence

Whilst all the research indicates there is an increased likelihood of there being short and longer term negative impacts on the 35,962 under 17 year olds who in 2008, were exposed to family violence in Counties Manukau, it is not possible to estimate what impact happens to whom as responses vary from person to person. The gender breakdown of the 35,962 is not known, but if it is divided evenly there would be 17,981. To extrapolate further, if the 30% figure above is used as an indicator of potential young people who may become perpetrators in their adult lives, and the figure of 17,981 males is also taken as an example, there is the potential of 5,394 young men becoming perpetrators of family violence. Whatever the estimated figure is, there will be thousands of children and young people who will take forward domestic violence into their adult lives, and supporting each survivor of such incidents is estimated at over \$42,000.

Limiting potential

Of the 873 14 to 15 year olds who were absent from Manukau schools for 20 or more consecutive days in 2008, it is highly probable that in a percentage of cases, exposure to domestic violence played a part. Whilst it is not possible to provide an accurate estimate of those that will not achieve their academic potential it is perhaps sufficient to indicate the individual annual cost of a young person being unemployed. Ernst and Young put this cost at \$38,000 pa. If just 10% of the 873 pupils truanting were used as a gauge there would be 87 young people with a cost \$3,306,000 pa.

⁸ The implications and effects of theories of intergenerational transmission of violence for boys who live with domestic violence, Boyd. C, Australian Domestic & Family Violence Claeringhouse Newsletter, No 6 pp 6 - 8

Impacting on others

Research (Carrell and Hoekstra) found that “*adding one troubled student to a classroom of 20 students decreases student reading and math test scores by more than two thirds of a percentile point and increases misbehaviour among other students in the classroom by 16 percent.*” The negative effects are likely to intensify exponentially when the number of troubled students in the class increases. Translated to Manukau where it is estimated that in some classes there is on average 4 troubled students in a class of 20, the effects of family violence would significantly affect the average achievement of all students. It is hard to estimate the economic costs of these effects. However, it is fair to say that the high rate of family violence in Manukau certainly has contributed to low school performance.

According to the results of a dropout research project done in California, inducing a potential high school dropout to graduate generates a present value social gain to the [California] state of up to \$392,000⁹. It means that without family violence, every year another 387 school leavers in Manukau would have at least Level 1 school qualification, and would generate a present value social gain to Manukau up to \$148 million.

5. Conclusion

The estimates of the economic cost of family violence in this paper, whilst far from being comprehensive, provide an indicator of the money being spent. When figures such as \$542,441,200 are estimated as providing some of the responses required by 12,510 survivors of family violence in Counties Manukau, it starts to become slightly marginal as to whether or not a few million dollars are not included. What is clear is that these are under estimates and will only increase as additional elements are factored into the equations. A major estimate which is missing is that of the responses to family violence provided by Counties Manukau District Health Board directly and via the contracts it holds with Primary Health Care Organisations.

The impact of family violence on children and young people is well researched and three areas have been used to demonstrate potential costs. Apart from the monetary costs what is important is the damage caused to individuals reaching their potential and contributing to their communities. New Zealand society aims to ensure children are healthy and safe from maltreatment, neglect and violence regrettably this is not the experience of over 74,785 who are exposed to family violence. As a result creating a comprehensive response in Manukau is a priority. A response to family violence that involves community leaders, NGO's and all statutory organisations responsible for the health, social and economic wellbeing of the city and its population.

⁹ [California Dropout Research Project Sep 2009](#)