

Family Dispute Resolution Services Cost-Benefit Analysis Summary

November 2024



The Cost-Benefit Analysis indicates that Family Dispute Resolution delivers substantial financial and social benefits. It helps both the family law system and families achieve better outcomes at a fraction of the cost that would be incurred if disputes progressed through the courts.

Authors

The Cost-Benefit Analysis was prepared by Inform Economics on behalf of Relationships Australia Victoria.

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Full report

Visit socialimpact.relationshipsvictoria.org.au/domain-4-family-functioning or scan the QR code to access the full report.



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Acronyms

BCR	Benefit-Cost Ratio
CBA	Cost-Benefit Analysis
FDR	Family Dispute Resolution
NPV	Net Present Value
RAV	Relationships Australia Victoria
SCORE	Standard Client/Community Outcomes Reporting

About Relationships Australia Victoria

Relationships Australia Victoria is a community-based, not-for-profit organisation that has been providing family and relationship support services since 1948.

Our services are for all members of the community, regardless of their religion, age, gender, sexual orientation, lifestyle choice, cultural background or economic circumstances.



We're committed to providing safe, inclusive and accessible services for all people.



We acknowledge First Nations peoples as the Traditional Owners and Custodians of the lands and waterways of Australia and support their right to self-determination and culturally safe services.

We recognise the lifelong impacts of childhood trauma. We recognise those who had children taken away from them.

Learn more

- To read about Relationships Australia Victoria's research, evaluation and social impact, visit socialimpact.rav.org.au
- For information on our services, programs and organisation, visit www.rav.org.au

What is a Cost-Benefit Analysis?

A **Cost-Benefit Analysis (CBA)** is a comprehensive and evidence-based method for systematically assessing or evaluating the economic and social impacts of a project, program or initiative to determine whether it was, or will be, worthwhile. By comparing the costs and benefits attributable to a program, it provides a clear picture of the value a program delivers.

CBA is the preferred method of economic assessment for informing government decision-making in most Australian jurisdictions.

Relationships Australia Victoria (RAV) has conducted a CBA of our Family Dispute Resolution (FDR) services with Inform Economics, an economics consultancy firm.

This CBA is an ex-post analysis, meaning it examines the actual costs and benefits of FDR services after they have been provided.

By taking a retrospective approach, this CBA uses real data from 2023 to assess the impact of mandatory FDR compared to a counterfactual scenario, which is detailed below.

The analysis primarily focuses on 2 key metrics: the **Net Present Value (NPV)**, which measures the difference between the actual benefits and costs, and the **Benefit-Cost Ratio (BCR)**, which compares the total benefits to total costs. In this case, the analysis found that the benefits of FDR far exceed its costs, with a BCR of over 20:1.

This means that for every dollar spent on FDR, there were \$20 worth of benefits, underscoring its significant value to both families and the government.

The benefits measured included avoided costs for the family law system, increased financial wellbeing for families, and other improved outcomes for families.

Analysis approach

This CBA evaluated the current operating model of mandatory FDR for parenting matters, focusing on both financial and non-financial impacts. The analysis took a comprehensive approach, considering costs and benefits to families, the government and wider society. Informing the counterfactual scenario for mandatory FDR for parenting matters is data on how family disputes were resolved before the 2006 changes to the *Family Law Act 1975 (Cth)*, and how they are resolved now.

Client outcome data

The CBA incorporated real-world data from clients accessing FDR services at RAV in 2023.

RAV collects Standard Client/Community Outcomes Reporting (SCORE) data across several domains: family functioning, mental health and wellbeing, personal and family safety, and child wellbeing.

These self-assessed outcomes provided important evidence for estimating the benefits of FDR services.

Valuation of non-financial impacts

A key feature of this CBA was its incorporation of non-financial wellbeing impacts into the analysis.

The study applied a benefit transfer approach, using valuations from other studies to estimate the value of the improvements observed for RAV clients.

While the field of quantitatively assessing non-financial impacts is still emerging, this analysis accounted for them where possible.

Sensitivity analysis was used to illustrate the effects of including versus excluding these non-financial impacts.

Cost and benefits framework

Benefits were analysed relative to the counterfactual scenario, distinguishing between financial benefits and non-financial benefits (see Figure 1), as follows.

Benefits

For the Family Law System

The analysis highlighted avoided costs for the court system, such as the diversion of cases that would otherwise have gone to litigation, freeing up court resources to address more complex family law matters.

For families

Families experienced faster resolution of disputes, improved financial wellbeing as a result of legal fee savings and better family outcomes with improvements in mental health, child wellbeing, and family safety.

For community

While not quantified, the report recognised that FDR likely contributes to broader positive social outcomes, such as a reduction in the hidden costs associated with unresolved family conflict, including for health and productivity losses.

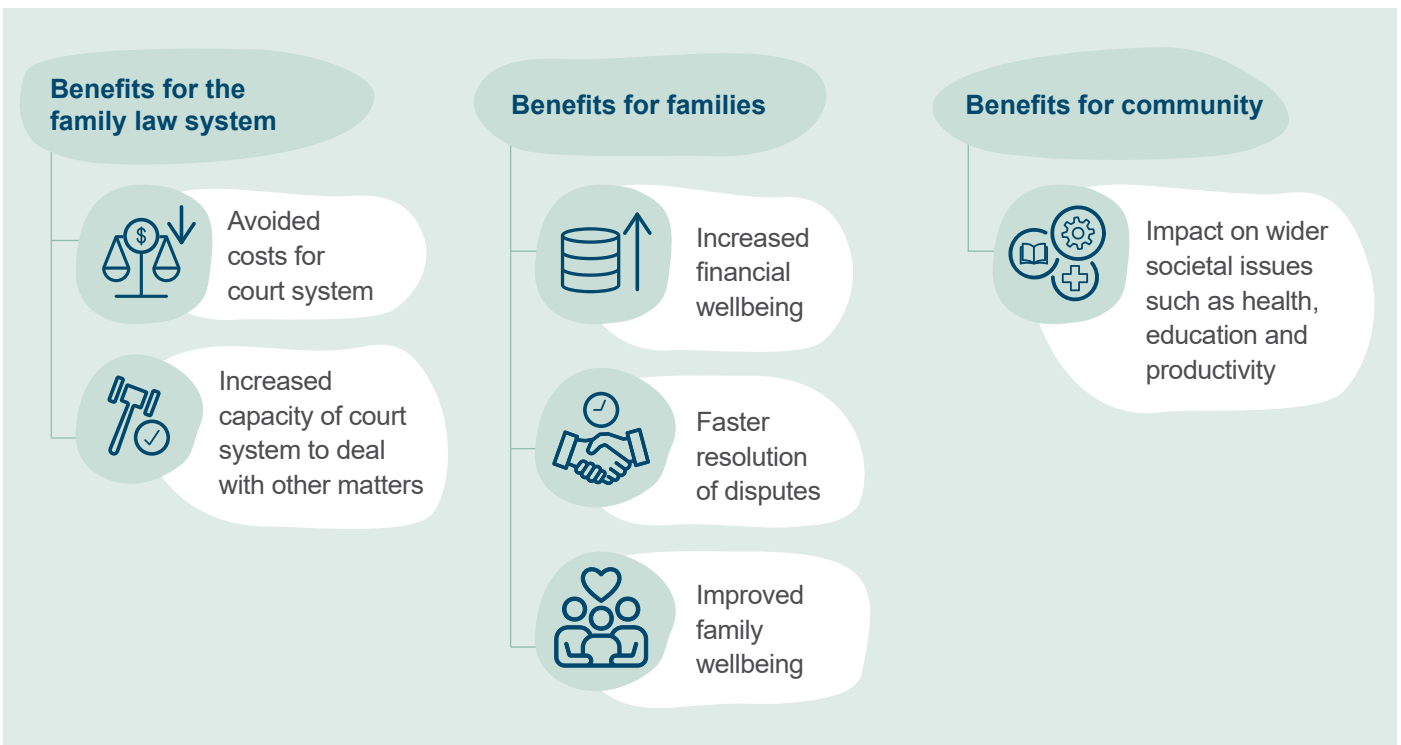


Figure 1: Framework demonstrating the benefits of FDR services

Distributional analysis

The CBA also considered how costs and benefits were distributed among different groups, such as families and the government, to provide a clear understanding of who bears the costs and who gains from the service.

Results of the analysis

When considering both financial and non-financial benefits, the analysis shows that the total benefits per family unit amount to over \$63,000, compared to total costs of approximately \$3,000. This results in a BCR of 20.8, indicating that for every dollar invested, FDR generates about \$20.80 in benefits. The key financial benefits come from avoided costs to the family law system, estimated at \$4,400 per family, and substantial gains in financial wellbeing for families themselves, valued at \$41,800. Additionally, improved outcomes in areas like mental health, family safety, and child wellbeing contribute another \$16,842 in non-financial benefits.

If the non-financial benefits are excluded, the analysis still demonstrates significant returns. In this scenario, total benefits still surpass \$46,000, with a BCR of 15.3. Even without accounting for improvements in outcomes for families, the results underscore the value of FDR, where benefits remain 15 times greater than the costs (see Figure 2).

A key insight from the analysis is that the inclusion of benefits to families, particularly in terms of financial wellbeing, substantially enhances the cost-benefit ratio.

Traditional analyses, which often focus solely on government savings, typically report a more modest benefit range of 1.5 to 2.25 times the cost. Reflecting financial and non-financial benefits for families, however, significantly raises the return on investment.

In terms of cost savings for the family law system, FDR plays a vital role by preventing many disputes from escalating to full court proceedings, where the costs are considerably higher. The analysis highlights that court costs for handling final orders are substantially more expensive than interim orders. Avoiding these court proceedings reduces the burden on the family law system, improving the efficiency and capacity of the courts to deal with more complex cases.

The financial wellbeing of families also improves markedly as a result of FDR. Families save significantly on legal costs, avoiding lengthy and expensive court battles that could drain their financial resources. Moreover, FDR helps families achieve resolutions more quickly, reducing the stress and anxiety associated with ongoing legal disputes and enabling them to move forward more swiftly.

20.8

Benefit–cost ratio

Benefits for the family law system	
Avoided costs to the court system	\$4,400
Benefits for families	
Increased financial wellbeing (avoided court costs per family)	\$41,800
Improved outcomes (see outcome domains page 6)	\$16,842
Total benefits	\$63,042
Costs	
Cost of FDR services to government	\$2,938
Cost of FDR services to families	\$86
Total costs	\$3,024
Net present value	\$60,018
– the difference between the total benefits and the costs.	
Benefit–cost ratio	20.8
– the value of total benefits in relation to the total costs.	

Figure 2: Results of FDR CBA

Overall, the CBA indicates that mandatory FDR delivers substantial financial and social benefits, helping both the legal system and families achieve better outcomes at a fraction of the cost that would be incurred if disputes progressed through the courts.

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