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BRIEFING PAPER
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Summary

This paper considers the likely utilisation of paid family and domestic violence leave provisions if they are extended (as has been proposed) to apply to all paid employees in Australia. The paper reviews the actual experience of several Australian employers which have already implemented paid domestic violence leave policies; this review confirms that these provisions, in practice, are not frequently utilised. Then, on the basis of published data regarding the incidence of domestic violence, its impact on work attendance, the average length of time away from work as a result of that violence, and other parameters, the paper develops estimates of the likely utilisation of paid domestic violence leaves, and the incremental wage payments that would be associated with the application of a 10-day paid leave provision across the Australian economy.

Key findings of this analysis include:

- Only about 1.5 percent of female employees, and around 0.3 percent of male employees, are likely to utilise paid domestic leave provisions in any given year.
- Incremental wage payouts to workers on domestic violence leaves associated with the universal extension of a 10-day paid domestic violence leave policy will be modest – in the order of $80-$120 million per year for the whole economy.
- Those incremental wage payouts are equivalent to less than one-fiftieth of one percent of existing payrolls (0.02 percent).
- The costs to employers associated with those payouts are likely to be largely or completely offset by benefits to employers associated with the provision of paid domestic violence leave: including reduced turnover and improved productivity.
- The cost of domestic violence to all sectors of society (including its victims, governments, and employers) is very large, estimated to total around 1 percent of GDP. Just a small reduction (even just 1 percent) in the incidence of domestic violence, resulting from the expansion of paid domestic violence leave (and complementary workplace measures), would therefore generate broader economic benefits that exceed the incremental costs.
- The recent claim by Finance Minister Mathias Cormann that provision of paid domestic violence leave would damage Australia’s international competitiveness is not credible – in light of both the magnitude of those costs, and a modern understanding of the determinants of global competitiveness.
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I. Introduction

An important policy debate has been occurring in Australia regarding the ability of employees who are experiencing domestic or family violence or abuse, to receive paid time away from their jobs to support their efforts to escape or remedy their situations. At present the Fair Work Commission (2016) is considering proposals, as part of its four yearly review of modern awards, to provide up to 10 days paid leave for employees to attend legal proceedings or medical appointments, or undertake relocation or other safety measures, as a result of being subjected to family and domestic violence. The Council of Australian Governments recently convened a National Summit on Domestic Violence (COAG, 2016), and COAG leaders meeting in Canberra in December discussed proposals from the Queensland and Victoria governments to include paid leave for employees dealing with domestic violence under the National Employment Standards. However, the Commonwealth government has decided to await the outcome of the FWC process before addressing this proposed amendment to the NES.

Paid leave provisions for victims of family and domestic violence have already been implemented by hundreds of Australian employers – both through enterprise agreements and through company policies. It is estimated that at least 1.6 million Australian workers (or over 15 percent of all paid employees) already have access to paid leave provisions in case of domestic violence (Breckenridge et al., 2015).

Advocates for victims of domestic violence have highlighted the importance of this measure to maintaining income and stability in the lives of affected workers while they attempt to escape or correct a violent situation, and to reduce the financial compulsion which often keeps victims “trapped” within violent family relationships.\(^1\) Paid leave provisions serve a broader function, as well, in initiating and encouraging employers to take broader measures to address domestic violence in the workplace – including information and support for employees facing domestic violence, training for managers, and more developed and explicit workplace violence response procedures.

However, some employer representatives have resisted the suggestion to extend this provision to all employees in Australia – whether that be through the FWC award

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\(^1\) See, for example, Baird, McFerran, and Wright (2014), McFerran (2016a), PricewaterhouseCoopers Australia (2015), Male Champions of Change (2015), and Wathen, MacGregor, and MacQuarrie (2014).
process, and/or through inclusion in the National Employment Standards. Some employers and employer organizations have supported the idea: such as those associated with the Male Champions of Change initiative (2015), the Retail Council of Australia (Hannan, 2016b), and Westpac Bank (Financial Services Union, 2013). A key argument used by opponents of the proposal has been that the universalisation of paid domestic violence leave would impose a significant and undue cost burden on employers. Some employer groups have suggested that paid domestic violence leave would cost employers billions of dollars in wages paid to victims while away from work. Following the COAG meeting in December, when his government rejected the proposal to amend the NES, Commonwealth Finance Minister Mathias Cormann reiterated that view, arguing that paid domestic violence leave is “another cost on our economy that will have an impact on our international competitiveness” (Gribbin, 2016). He warned the measure would have “counter-productive consequences.”

Could the cost of up to 10 days wages paid to victims of domestic violence, taken while they undertook specific measures or actions to respond to their situation (including medical care, legal procedures, and others), truly impose a noticeable increase in labour costs for employers? And would that, in turn, undermine Australia’s performance and appeal in the global economy? This report will consider those concerns, based on a statistical analysis of domestic violence leave provisions that are already in place, and survey data regarding the incidence of domestic violence and associated time off work.

The next section will describe the main features of the leave provision being proposed. Section III will summarize recent research regarding the economic costs (imposed on victims, their families, employers, the government, and other stakeholders) of family and domestic violence – indicating that the current state of affairs is not “costless.”

The fourth and major section of the paper considers various dimensions of the costs of domestic violence leave, including a review of leave provisions already in place in Australian workplaces, and the likely magnitude of an economy-wide provision. It finds that the incremental wage payments associated with the extension of this measure to the whole paid workforce would be very small – equivalent to less than one-fiftieth of one percent of existing total payroll costs. The concluding section directly considers whether these measures could indeed negatively impact Australia’s international competitiveness – or whether they might in fact enhance it.

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2 Inclusion of paid domestic violence leave as a standard feature in the FWC modern awards would only directly affect about 20 percent of Australian workers (who are covered by those minimum standards), but it is likely that the provision would eventually be extended through negotiations to apply to those covered by enterprise agreements, and indirectly to many others covered by individual contracts.
II. The Nature of Domestic Violence Leave Provisions

Some opponents of the proposal to provide access to paid leave for workers facing domestic violence have predicted that the provision will be abused used to justify non-necessary work absences. One commentator, News Corp columnist Miranda Devine, derided the idea as the new “sickie”: a provision that would quickly be normalized by employees to simply get more paid time away from work (Rushton, 2016). One employer submission to the FWC complained that if every single employee took the full entitlement to domestic violence leave every single year, and combined it with full utilisation of other paid leave entitlements every single year (including annual leave, personal and carer’s leave, accrued long-service leave, and public holidays), they would be away from work for over 20 percent of each year (Hannan, 2016a). The editors of The Australian (2016) fretted the provision would allow casual workers, working only one day per week, to take 10 entire days paid leave just “for receiving an abusive text message.”

This fear that paid leave for domestic violence will become an excuse for any worker to take time off work, is not only insulting to Australians who are trying desperately to survive and escape violent situations. It also thoroughly misportrays the nature of the provision being proposed. Paid leave for victims of family and domestic violence has never been proposed as an automatic entitlement for individuals who experienced violent, threatening, or abusive behaviour from their intimate partners or other family members. There is no question of employers being forced to offer two weeks’ paid leave as “compensation” for every abusive text.

Rather, the provisions are explicit that paid leave is provided to allow victims of family and domestic violence to attend to activities or events directly related to their experience, in order to resolve or escape the violence. For example, the model clause proposed to the FWC by the Australian Council of Trade Unions (2016) lists such activities as including legal proceedings, counselling, and medical appointments related to the violence, as well as undertaking relocation or other actions necessary for escaping from the violent situation. Moreover, the provision would also require the employee in question to provide reasonable notice of their intention to take the leave.

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3 This calculation, of course, assumes that every single worker utilises the full extent of every type of leave every year – including those (like carer’s and domestic violence leave) that apply to occasional or specific circumstances. This assumption is not credible.
and to provide if requested evidence and documentation of the reason for taking the leave – such as police or court documents, medical certificates, or statutory declarations.

These two tests – the paid leave must be related to specific activities or events related to the violence, and documentary evidence must be provided regarding the nature and timing of those events if requested – will restrict the incidence of leave-taking to a subset, and likely a small subset, of those workers who actually experience domestic violence in any given year. They also confirm that the focus of the measure is to prevent domestic violence by enabling and supporting employees in their efforts to end, escape, and recover from it, not to somehow “reward” or “compensate” its victims. Ample experience of women’s advocates and others attests to the role of financial insecurity in preventing victims from escaping violent family situations. Being able to maintain steady employment, while undertaking the challenging task of rebuilding a safe home environment, is enormously important for stopping and preventing further violence.

In short, merely experiencing family or domestic violence does not entitle any employee to take paid time off work under this provision. Rather, the paid leave is provided to ensure that workers are able to undertake necessary measures to address and escape domestic violence. Evidence as to the purpose and timing of these measures must be provided when required by employers. In addition to these aspects of the provision, the sad reality is that many workers, even when paid leave is available, will not request it for fear of the judgment or stigma that is (wrongly) associated with experiencing domestic violence. For all these reasons, paid leave for domestic violence could never become another “sickie.”

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4 And that population, in term, is a small subset of the total workforce, as will be discussed below.
III. The Economic Costs of Inaction

Any discussion of the incremental costs associated with measures to prevent domestic violence (like paid leave) must occur in the context of an understanding of the enormous economic costs (not to mention personal and social costs) associated with family and domestic violence. In this regard, the status quo is not “free.”

A considerable academic literature now attests to the large magnitude and broad incidence of economic damage resulting from family and domestic violence. Examples of this research include several studies which have attempted to describe and quantify the economy-wide costs of domestic violence in the Australian context. PricewaterhouseCoopers Australia (2015) estimated the broad economic costs of violence against women from their partners⁵ to total $12.6 billion per year—or close to one percent of GDP. Substantial economic costs are experienced by all stakeholders in society. Most importantly, of course, are the costs borne by the victims of domestic violence. But others bearing substantial costs include governments at all levels, employers, broader society, children, and even the perpetrators. Costs to employers from domestic violence include lost work time (even if it is unpaid), reduced productivity, higher turnover and resulting recruitment and training costs, the risks of violence spilling over into the workplace itself, and reputational risk with customers and employees. Previous research using similar data sources and methodology confirms a similar magnitude of broad economic cost, including reports from the National Council to Reduce Violence Against Women and their Children (2009), which estimated the total economic cost of violence against women (both domestic and non-domestic) at $13.6 billion in 2009 (more than 1 percent of GDP at the time); and Access Economics (2004), which estimated the overall economic cost of domestic violence against women at $8.1 billion in 2002-03 (1 percent of GDP at the time). This Australian research is consistent with the findings of research in other countries, which

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⁵ Partner violence against women constitutes just a portion of all family and domestic violence, which also includes violence against women from other family members or non-partner intimate relationships, as well as family or domestic violence experienced by men. PricewaterhouseCoopers estimated the total cost of violence against women (from all perpetrators) to equal $21.6 billion, or over 1.25 percent of GDP.
also confirms that the direct and indirect economic costs of domestic violence are both substantial, and shared widely across all elements of society. 

Of course, providing paid leave to help victims of domestic violence address and escape their situations will not in itself end all domestic violence. But being able to undertake legal, medical, relocation and other measures to address their situations, without the risk of losing income or losing their employment entirely, has been proven to enhance the likelihood of victims’ escaping violence and hence preventing its reoccurrence. Moreover, by sending a high-profile and authoritative message in workplaces that domestic violence is an important problem, one which all segments of society (including employers) are prepared to take action against, supports the broader change in attitudes and expectations that will be essential for reducing domestic violence – and ending it altogether.

It is difficult to quantify the extent to which the incidence of family and domestic violence is reduced by the universal availability of paid domestic violence leave. But it is impossible to deny that access to paid leave to support escaping domestic violence, significantly helps to reduce that incidence. Evaluation of the likely costs associated with paid leave provisions must therefore be placed in the context of the large costs (in the order of 1 percent of GDP) that continue to be imposed on Australians (including employers) every year as a result of family and domestic violence.

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6 Examples of this international research include Day, McKenna, and Bowlus (2005); Walby (2009); U.S. Department of Health and Human Services (2003); and Equality Division, Council of Europe (2014).

7 One possible specific methodology for confirming the value of paid leave in reducing the incidence of domestic violence, would be to compare the experience of those who were supported with paid leave in addressing their situations, to the experience of those with no such employment or income protections, and then quantifying resulting differences in the rate of reoccurrence of violence. This and other research questions will be pursued by academic and workplace research as paid domestic violence leave provisions are becoming more widespread.

The primary criteria for judging the value of a paid domestic violence leave provision must be whether it meaningfully assists affected employees in addressing and resolving the violence and abuse which they face. The importance of employers, and society as a whole, in supporting individuals facing domestic violence, and taking every feasible measure to prevent it, cannot be evaluated in monetary terms. Research on how victims of domestic violence can better resolve and escape violent situations, thus preventing further reoccurrence, highlights the importance of paid leave provisions in allowing them to do so. A moral commitment to supporting victims of violence and preventing its occurrence is without doubt sufficient reason for extending workplace supports like paid leave.

However, given the emphasis which the opponents of paid domestic violence leave have placed on the supposedly burdensome costs which this provision would impose on employers, the likely magnitude of these costs should be considered – preferably in light of real-world evidence. This section will critically review one prominent industry estimate of the cost to employers of providing 10 days paid leave for domestic violence; it will review the experience of several employers which presently have this provision in effect; it will generate a new comprehensive estimate of the economy-wide costs of extending 10 days of paid domestic violence leave to all employees; and it will consider some of the offsetting benefits which employers will experience as a result of that extension. It will be clear from this analysis that the costs of extending this leave provision are negligible for employers as a whole – and are likely outweighed by the benefits which they will accrue as a result of reduced turnover, improved productivity, and reduced incidence of violence.

Picking Numbers Out of Thin Air

One widely-reported employer estimate of the cost of providing domestic violence leave was constructed by the Australian Chamber of Commerce and Industry (2016). Its submission to the FWC hearings on the issue estimated that offering 10 days of paid leave for victims of domestic violence would impose an additional cost on Australian employers of $2 billion per year – equivalent to over $200 million for each individual
day of the leave. However, the assumptions underpinning this estimate must be highlighted and interrogated.\(^8\)

The most important, and unfounded, component of the ACCI cost estimate is its arbitrary and unsupported assumption of a very high rate of utilisation of the leave provision. Without explanation or documentation, the ACCI submission assumed that 25 percent of all women employees, and 10 percent of all male employees, would make full use of the entire 10 days paid domestic violence leave every year. There was no explanation of why an average of one-quarter of the entire female workforce would require and access this leave each year.\(^9\)

This assumption is equivalent to assuming that every woman in the workforce would receive one 10-day paid domestic violence leave every four years – or about ten 2-week leaves in total over the span of a full career. Every man in the workforce would receive four 2-week leaves over their career (one every ten years). Let us define the utilisation rate as the proportion of total normal working time in a given workplace (or across the whole economy) which is lost each year to paid domestic violence leave.\(^10\)

The ACCI assumption implies, in a scenario with 10 days paid leave, that a total of over 0.7 percent of all working time across the economy would be lost each year to paid domestic violence leave. The arbitrary and unsupported assumption of such widespread utilisation of paid domestic violence leave is preposterous, and cost estimates based on this assumption should not be taken seriously.

Two other factors further undermine the credibility of the ACCI’s estimate, albeit less dramatically than the extreme and arbitrary assumptions regarding take-up. First, the cost estimate was initially developed on the basis of a single day’s leave provision. Then, the cost was scaled up by a factor of ten to estimate the cost of the proposal for 10 days leave. However, not every employee who accesses the leave provision would utilise the full potential duration of 10 days; in fact, evidence from existing leave provisions reported below indicates that the average leave taken by workers in

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\(^8\) The ACCI cost estimate is also reviewed and critiqued in detail by O’Brien (2016).

\(^9\) The Australian Bureau of Statistics (Catalogue 4906.0, Table 4), reports that 16.9 percent of Australian women have experienced violence from a cohabitating partner (current or former), and 11.3 percent from a non-cohabitating partner, at any time since they turned 15 years of age. Those figures are not additive (since some women have experienced violence from both categories of perpetrator), so around one-quarter of women have experienced violence from an intimate partner at some point in their adult lifetimes. The corresponding figures for men are 5.3 percent and 3.7 percent, or approximately 7-8 percent combined (adjusting for those who have experienced both). The assumed ACCI annual utilisation ratios, therefore, match or exceed the proportion of women and men who have experienced intimate partner violence at any point in their entire adult lives.

\(^10\) Working days lost to paid leave are compared to an assumed normal base of 240 working days per year.
workplaces where the provision already exists is well below that ceiling. Hence taking the cost of one day’s leave, and simply multiplying it by ten to reflect a 10-day provision, is illegitimate. Secondly, the ACCI’s aggregate cost estimate was generated by applying the leave to an employment base (in 2013, the base year for this estimation) that included owners and managers of incorporated enterprises. Most of these self-employed individuals do not take paid leave in the conventional meaning of the term, for any purpose, and hence their inclusion in the base overstates the aggregate cost of the measure by a considerable factor. But these errors are relatively insignificant compared to the enormous cost margin built into the ACCI’s estimate through the assumption of extremely high utilisation rates for both women and men.

**EXPERIENCE OF EMPLOYERS WITH EXISTING PAID LEAVE PROVISIONS**

Offering paid leave to employees who are victims of family and domestic violence, in order to undertake activities or attend events related to their situation, is a workplace innovation dating back to around 2010 in Australia. The first publicly reported paid domestic violence leave provision was negotiated by the Surf Coast Shire Council in Victoria, through an enterprise agreement with the Australian Services Union (Schneiders, 2010). Since then the provision has expanded rapidly, adopted in hundreds of other enterprise agreements and also through unilateral changes in company-wide benefits policies by many employers. While the provision is still relatively new, therefore, experience with it in practice is accumulating rapidly, and this provides a more reliable basis on which to contemplate the likely utilisation of paid domestic violence leave in practice – certainly more robust than arbitrarily imposing very high utilisation assumptions.

To gather real-world evidence regarding the experience of actual employers with domestic violence paid leave, we contacted about a dozen employers who were among the earlier adopters of this provision. Interviews were conducted with employers in both the public sector (where this measure first became common) and the private sector; major employers in banking and finance, communications, transportation, retail trade, and other private sectors are also now implementing paid

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11 Over 7 percent of the workers included in the ACCI estimate, based on 2013 data from ABS Catalogue 6310.0, were self-employed.
domestic violence leave provisions. The qualitative response from these employers was unanimous that utilisation of the benefit was relatively infrequent. Even at workplaces where the provision has existed for several years, and where employers have ambitiously promoted awareness of the provision (as part of broader anti-domestic-violence programs), employers reported “just a handful” of leave provisions being taken. In many cases no hard data regarding the number of leaves and their average length could be disclosed; in some cases that data is not even collected by the employers for reasons of confidentiality. But in qualitative terms, all of the employers contacted reported that utilisation of the provision was relatively infrequent.

### Table 1
Utilisation Experience of Domestic Violence Paid Leave: Selected Employers

<table>
<thead>
<tr>
<th></th>
<th>Approx. Employees</th>
<th>Year Policy Began</th>
<th>Years in Sample</th>
<th>Weeks Leave Taken</th>
<th>Approx. Utilisation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brimbank</td>
<td>1100</td>
<td>2011</td>
<td>5.75</td>
<td>&lt;5&lt;sup&gt;b&lt;/sup&gt;</td>
<td>&lt;0.002%</td>
</tr>
<tr>
<td>Dandenong</td>
<td>950</td>
<td>2013</td>
<td>3.75</td>
<td>7&lt;sup&gt;c&lt;/sup&gt;</td>
<td>0.004%</td>
</tr>
<tr>
<td>Surf Coast</td>
<td>365</td>
<td>2010</td>
<td>3&lt;sup&gt;d&lt;/sup&gt;</td>
<td>&lt;2&lt;sup&gt;e&lt;/sup&gt;</td>
<td>&lt;0.004%</td>
</tr>
<tr>
<td>Telstra</td>
<td>32000</td>
<td>2014</td>
<td>0.5&lt;sup&gt;f&lt;/sup&gt;</td>
<td>10&lt;sup&gt;g&lt;/sup&gt;</td>
<td>0.001%</td>
</tr>
<tr>
<td>Whittlesea</td>
<td>930</td>
<td>2011</td>
<td>1&lt;sup&gt;h&lt;/sup&gt;</td>
<td>6</td>
<td>0.013%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from Male Champions of Change (2015); McFerran (2016b); Surf Coast Shire (2016); Greater Dandenong (2016); and interviews with employers.

a. DV leave days taken as share of total days worked.
b. Approximately 1 employee per year, under 1 week per instance.
c. 7 leaves granted; author’s assumption 1 week average per instance.
d. Period since policy fully implemented in 2013.
e. Reported total leave cost of $2324 represents less than 2 weeks’ wages for municipal administration.
f. First six months of program implementation.
g. 22 employees received an average of 2.3 days’ leave per incident.
h. Most recent 12 months of program experience.

For a few employers, enough information was available (either through the interviews, or from other published reports) to calculate an aggregate utilisation rate equivalent to the measure calculated above for the ACCI cost estimate. Again, the utilisation rate is defined as the proportion of total working time in a given workplace, that is lost to

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13 A comprehensive database of enterprise agreements containing paid domestic violence leave provisions is provided by McFerran (2016b).

14 Domestic violence leaves are sometimes consolidated for record-keeping purposes with other forms of personal leave, in order to protect the confidentiality of those taking the leaves.
employees being away from work on paid domestic violence leave. Table 1 summarizes these estimated utilisation rates for five employers, some of whom have had the provision in place for several years. Those real-world utilisation rates are uniformly tiny: ranging from one thousandth of one percent of all working time, to around one hundredth of one percent of all working time. The implied ACCI utilisation rate (based on the assumption that 25 percent of women and 10 percent of men would take the full leave every year) is therefore 50 to 500 times larger than the utilisation rates reported by employers who have actually implemented this policy in the real world.

Other published research confirms that the utilisation of paid domestic violence leave provisions, where they have been implemented, is uncommon by any measure. For example, Breckenridge et al. (2015) surveyed 102 employers with domestic violence leave provisions in place; two-thirds of them had never had a leave requested by one of their employees.

More research is required as experience with paid domestic violence leave becomes more common, to better understand the extent of utilisation, its usefulness to affected employees, and potential barriers to its use. After all, the fundamental motivation for the policy is to help affected employees resolve and escape their violent situations – so in that context it is counterproductive to hope that paid leave opportunities are not used (except in the favourable circumstance that domestic violence is not occurring!). But there is already ample real-world evidence to confirm that the provision of paid leave for employees, tied to specific actions or events associated with their situation, does not in any way “open the floodgates” for large numbers of workers simply seeking to get two weeks’ paid absence from work.

**A DATA-DRIVEN ESTIMATE OF ECONOMY-WIDE UTILISATION RATES AND INCREMENTAL WAGE COSTS**

To supplement the case studies reported above, this section constructs and describes a numerical estimate of the likely range of utilisation rates for an economy-wide paid domestic violence leave program. The estimate utilises published data regarding the incidence of family and domestic violence, work absences related to that violence, the average length of leaves taken from work as a result of domestic violence, and other key parameters. On this basis, we develop an estimate of the likely utilisation rates experienced under an economy-wide program, and the extent to which it would add
incremental wage costs to the existing payrolls of Australian employers. There is no single integrated data source which provides all of the input data required for this calculation, and some of the parameters must be assumed exogenously. However, by grounding this exercise in published data from a variety of sources, we ensure that it reflects the real-world realities of domestic violence and work – much more so than simply imposing arbitrary (and extreme) assumptions regarding utilisation.
Table 2 describes the step-by-step analysis through which we estimate an overall utilisation rate for an economy-wide 10-day paid domestic violence leave provision.\(^{15}\) The analysis is conducted separately for women and men (given their very different rates of incidence of violence, and different responses to it), and then a weighted average utilisation rate is calculated for both genders. ABS data indicates the proportion of women and men who experienced violence (both physical and sexual) from their intimate partners (current cohabitating, previous cohabitating, and non-cohabitating) within the previous 12-month period (Line A). This provides a starting point for the population most likely to access paid leave in order to attend specific events related to that violence.\(^{16}\)

Not all victims of domestic violence take leave from work, and that would continue to be the case even with a universal paid leave provision. As noted above, the paid leave is only available for victims who need it in order to attend specific, documented activities or events related to the violence they have experienced. Many victims of violence will not qualify on that basis, and many of those who do may not apply for paid leave in any event. Supplementary ABS data (cited by Cox, 2016) indicates that between about one-fifth and one-quarter of women who experienced intimate partner violence took time off work directly because of that violence in the 12 months after their most recent incident (Line B). The low and high values for this parameter reflect the differences between women who experienced sexual violence (19.9 percent took time off work) and physical violence (26.9 percent took time off); those low and high values define a range for our overall estimates of utilisation rates and incremental wage costs that follow. Equivalent data regarding time off work is not provided for male victims of domestic violence, but elsewhere it is reported by the ABS that men are only about half as likely as women to take time off work because of any violent incident (Line C), and we assume that a similar proportionate response applies to male leave-taking in the event of domestic violence.\(^{17}\)

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\(^{15}\) Once again, the utilisation rate is defined as the proportion of all working time lost as a result of paid domestic violence leaves.

\(^{16}\) The model leave provision referenced above is not limited to domestic violence which has occurred within the past 12 months. But since leave is contingent on attending specific current events or activities related to violence, it is certainly likely that most episodes would have occurred in the relatively recent past. And in terms of estimating an ongoing flow of domestic violence leaves, it is appropriate to compare that to the ongoing flow of new domestic violence incidents – not to the accumulated stock of individuals who have experienced domestic violence at some point in their lives.

\(^{17}\) This assumption is almost certainly conservative, since the incidents which are more likely to result in male absences from work are more likely to be those involving more severe violence from non-family acquaintances and strangers.
Since the leave-taking ratios reported by the ABS and Cox are in a context where most workers do not have access to paid leave,\(^{18}\) we assume that the proportion of victims taking time off work as a result of their experience with violence would double under a universal paid domestic violence leave system (Line D). Finally, the model language being advanced by advocates of the domestic violence leave provision would also allow leaves to be granted for victims facing other threatening or abusive relationships: including from family members who are not their partners (such as a parent or sibling), or non-violent but serious emotional abuse which also required the victim to seek legal or medical remedy, or other actions, and hence would qualify for the leave. There is no data available regarding the relationship between these types of abuse and time away from work,\(^ {19}\) hence our estimate grosses up the incidence of leave-taking by one-third to reflect these other smaller categories of potential incident (Line E); we believe this is a conservative estimate. On the basis of these steps, we estimate the proportion of women and men who would conceivably take a paid leave in any given year to undertake specific actions or events related to the family and domestic violence they have experienced (Line F). This proportion is estimated at 1.22-1.65 percent for women, and 0.27-0.36 percent for men; men are less likely to take time off work both because they are less likely to experience domestic violence, and less likely to take time off work as a result of any violence. Note that these indicators of how many workers would access this leave in any given year are much smaller than the arbitrary 25/10 percent rates imposed in the ACCI estimate. The ACCI’s assumption is 17.5 times higher for women, and 32 times higher for men, than the estimates derived here on the basis of actual data from the ABS and other sources.

Another key factor in the average utilisation of paid leave is the average length of leave taken. On this point the ACCI assumed every qualifying worker would take the full 10 days off work, but this assumption is not supported by available evidence on the utilisation of existing paid domestic violence leave provisions. In the qualitative interviews conducted with employers, average leaves were rarely reported as extending beyond one week; keep in mind again that the paid leave provision requires the worker’s attendance at specific events or activities related to the violence they have experienced. The survey results reported in Breckenridge et al. (2015) indicate

\(^{18}\) It should be noted that much of the leave that already occurs is indeed compensated by employers, even in cases where paid domestic violence leave provisions do not exist, since desperate workers will use other leave categories, when possible, to cover their time away.

\(^{19}\) The requirement that paid leave is granted only for specific actions or events associated with addressing and escaping the abusive situation, means that most of those who report having experienced “emotional abuse” would not likely qualify for leave under the proposed provision (unless the emotional abuse was severe enough to warrant legal or medical action, or other qualifying responses).
that employers offering paid leave for victims of domestic violence (including both female and male victims) reported average leave taken of 43 hours per leave (Line G). In light of women’s and men’s differing work arrangements (women work less hours per week, on average, than men, primarily because of the greater preponderance of part-time work among women, Line H), this translates into an average leave of just under 8 days for women, and just under 6 days for men (Line I). This assumption appears conservative in light of the qualitative evidence from employers reported above – namely that paid leaves for domestic violence rarely extend beyond a week.

In light of this data regarding the incidence of leave-taking, and the average length of leaves taken, we can then calculate the range of estimated overall utilisation rates for both women and men, measured against a standard year of 240 working days (Line J). On the basis of these parameters, most of which were based on public data, we estimate overall utilisation rates of between 0.022 percent and 0.031 percent of total working time. In other words, the universal provision of paid domestic violence leave is likely to reduce total working time by between one-fourtieth and one-thirtieth of one percent. The ACCI utilisation rate reported above (in excess of 0.7 percent of all working time) is 25-30 times higher than this data-driven estimate.

It is important to note that the small utilisation rates estimated in Table 2 are nevertheless still significantly higher than all of the estimated utilisation rates reported in Table 1 for several employers who actually have this provision in effect. This further corroborates that the methodology utilised in Table 2 is highly conservative, and likely overestimates the utilisation of paid domestic violence leave provisions that would prevail in real practice.

On the basis of this data-driven estimate of the range of likely aggregate utilisation of paid domestic violence leave, we can go on to calculate a corresponding range of estimates of the likely incremental wage cost incurred by employers as a result of the extension of the provision to all employees in Australia. This analysis is explained, again on a step-by-step basis, in Table 3. We begin with our estimates (derived above) of the proportion of women and men requesting paid leave to address situations of family and domestic violence each year (Line A). Applied to the total population of paid employees in 2015 (our base year, Line B), this generates an estimate of the number of paid domestic violence leaves taken each year across the economy (Line C).

20 This approach to estimating the utilisation rate is once again conservative, since women – who take more of the leaves – are more likely to work less days per year due to their part-time status, and hence the impact of their leave-taking will be unduly reflected in the two-gender weighted average calculated as a percentage of total working days.

21 We utilise paid employees, excluding self-employed owner-managers, as the appropriate base for calculating the incidence of paid leave taking.
We expect that between 57,000 and 78,000 women would request the leave each year, but only 13,000-18,000 men. We know (from Table 2) that the average leave taken will be slightly longer for women than men, due in part to their shorter average working hours (Line D). However, men’s average weekly earnings are higher than women’s (Line E), and hence the average payment of wages to them during a domestic violence leave is also slightly higher (Line F). Applied to the number of leaves taken by each gender, this generates estimates of the aggregate wage payments associated with paid domestic violence leaves for each gender (Line G). Wage payments to women on domestic violence leaves are expected to total $80-110 million per year, and $22-29 million for men.

**Table 3**

**Range of Potential Wage Payment Estimates, Economy-Wide Extension of Paid Domestic Violence Leave**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Source</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Proportion of workforce taking leave each year.</td>
<td>Table 2 above</td>
<td>1.21-1.65%</td>
</tr>
<tr>
<td>B</td>
<td>Paid employees (2015).</td>
<td>ABS 6291.055.001 Table 8</td>
<td>4.737 million</td>
</tr>
<tr>
<td>C</td>
<td>Number of leaves taken.</td>
<td>A*B</td>
<td>57-78,000</td>
</tr>
<tr>
<td>D</td>
<td>Average days of DV leave.</td>
<td>Table 2 above</td>
<td>7.77</td>
</tr>
<tr>
<td>E</td>
<td>Average weekly wages.</td>
<td>ABS 6302.0 Table 2</td>
<td>$911</td>
</tr>
<tr>
<td>F</td>
<td>Average wage payment per leave.</td>
<td>D*(E/5)</td>
<td>$1416</td>
</tr>
<tr>
<td>G</td>
<td>Total leave wage payments.</td>
<td>(C*F)</td>
<td>$81-110 million</td>
</tr>
<tr>
<td>H</td>
<td>Reduced for employees already with access.</td>
<td>G/(1.15)</td>
<td>$69-94 million</td>
</tr>
<tr>
<td>I</td>
<td>Total payroll (2015).</td>
<td>B*E</td>
<td>$224.4 billion</td>
</tr>
<tr>
<td>J</td>
<td>New DV leave payments as proportion payroll.</td>
<td>G/H</td>
<td>.031-.042%</td>
</tr>
<tr>
<td>K</td>
<td>New DV leave payments as proportion payroll (both genders).</td>
<td>Sum G/Sum H</td>
<td>.015-.020%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from data in indicated sources, as described in text. Low end of ranges reflect leave-taking rate for sexual violence; high for physical violence.
Keep in mind, however, that a significant proportion of Australian workers already have access to paid domestic violence leave provisions — and, indeed, the experience of these existing policies has already indicated that the utilisation of those provisions has been modest by any standard. The incremental cost of extending the provision to all paid employees, therefore, must take account of the fact that many workers (about 1.6 million, according to Breckenridge et al., 2015) already have access to it. We therefore reduce the expected cost of extending the leave by 15 percent, applied to each gender, to reflect the existing availability of the provision (Line H). This estimate suggests that the incremental wage payments to domestic violence leave-takers (of both genders) associated with the universal expansion of a 10-day leave plan would total around $80-120 million. Finally, Line J expresses that incremental cost as a proportion of the existing total payrolls of Australian employers (estimated by the product of employment and average wages, Line I). On a weighted average basis, the extension of paid domestic violence leave to all paid employees in Australia is expected to result in additional wage payments to workers taking those leaves equivalent to 0.015 to 0.020 percent of existing total payrolls.

In other words, the universal provision of up to 10 days of paid leave to workers attempting to resolve or escape situations of family and domestic violence would result in incremental wage payments to leave-takers equal to less than one-fiftieth of one percent of existing total payrolls. To put that figure in context, consider that average weekly earnings in Australia increased by 2.11 percent in the most recent year (ending May 2016) and that, as many observers have noted, was a historically slow pace of wage increase. But the incremental wage payments associated with extending paid domestic violence leave to all paid employees in Australia is less than one-hundredth as much as the normal annual wage increases paid to Australian workers (and that in a “bad” year!). It is obvious that these incremental wage payments are not even big enough to detect in aggregate economic data, and are entirely insignificant in relation to the normal costs of operating a workplace.

22 1.6 million employees represents 16.4 percent of the total paid employment levels reported in Line B. Note that the ACCI submission performed a similar, even larger adjustment — reducing its estimates of the cost of paid leave extension by 17 percent to reflect the widespread availability of paid domestic violence leave (especially in public sector workplaces).
23 That is about one-half of the cost ascribed by the ACCI estimate to the provision of a single day of paid domestic violence leave!
24 Even this tiny sum is not necessarily an additional cost, since we do not know if employers would respond to the leaves by hiring additional workers to replace those who are off work, or simply redistribute the work to other employees and/or leave the work to be completed when the leave-taker returns to work. These distinctions are discussed further below.
25 ABS Catalogue 6302.0, Table 2.
OFFSETS AND BENEFITS FOR EMPLOYERS FROM PAID DOMESTIC VIOLENCE LEAVE

The preceding analysis has indicated that the incremental amount of wage payments to workers taking leave under a universal domestic violence leave program are tiny, by any standard. But even this small number should not be interpreted as an incremental net cost to employers. For in reality, employers will also experience significant benefits from supporting their employees in grappling with the trauma and danger associated with family and domestic violence. Taking into account these potential benefits and offsetting impacts, it is not likely that employers as a whole will experience any measureable increase in their costs at all, as a result of the extension of this provision to all paid employees.

Some of the benefits and offsets to employers, which will reduce or eliminate entirely the impact of the small wage payouts calculated above, include:

- Reduced absenteeism resulting from chronic exposure to domestic violence, as workers are supported to resolve and escape from those situations more effectively.
- Improved productivity from affected workers, who are better able to concentrate and perform their duties once they are no longer exposed to chronic fear and violence at home.\textsuperscript{26}
- Reduced turnover of employees, since victims of domestic violence are better able to retain their jobs while still resolving or escaping from violent situations.
- Reduced costs of recruitment, hiring, and training new employees to replace workers who left their jobs because of domestic violence. Note that under reasonable assumptions, the cost to employers of replacing a single worker (including advertising, interviewing, hiring, training, and ramping-up) can easily reach $20,000.\textsuperscript{27}
- The introduction and implementation of paid domestic violence leave provisions is often an occasion to undertake a broader domestic violence strategy in workplaces, including training for managers in how to better deal with situations of

\textsuperscript{26} The productivity benefits associated with paid domestic violence leave provisions are discussed further in Kahui, Ku, and Snively (2014), and International Domestic Violence at Work Network (2016).

\textsuperscript{27} See, for example, the recruitment cost calculator provided by Drake Personnel at https://au.drakeintl.com/hr-news/cost-of-turnover-calculator.aspx#result. Note that for some of the employers listed in Table 1, the cumulative cost of domestic violence leave since the program was implemented, is less than this estimate of the cost of recruiting a single new employee. If the leave policy helped prevent the departure of even one employee, therefore, then it has been a net cost positive for those employers.
domestic violence, and information for employees on resources and other supports available to them.

- By helping employees resolve or escape from situations of domestic violence, employers reduce the significant risk of that violence spilling over into the workplace, and hence endangering other employees and customers of the employer. Much published research attests to the fact that domestic violence is very likely to “follow” victims to their workplaces.\(^{28}\)

- A significant proportion of wage payments to employees taking leave for domestic violence reasons, will not constitute incremental labour costs to the employer anyway. Few employers would actually hire additional workers (either permanently or even temporarily) to cover time lost to workers on leave for domestic violence reasons — all the more so given the rare and irregular incidence of these leaves. More likely, work will be shared among other employees, and/or saved until the affected worker returns, hence there is little if any incremental cost to the employer.

For all of these reasons, few individual employers would conclude that providing paid domestic violence leave to affected employees will ever constitute a major or even measurable new addition to their overall compensation costs. This helps to explain the relatively rapid spread of this provision among employers (including, in many cases, employers who have unilaterally adopted the measure outside of a collective bargaining context), and the growing number of employers and employer associations which have spoken publicly in favour of the provision — such as employers associated with the Male Champions of Change initiative (2015), the Retail Council of Australia (Hannan, 2016b), Westpac Bank (Financial Services Union, 2013), and others.

Recall from Section III of this paper that repeated studies have estimated the total economic cost of domestic violence in Australia to be in the order of 1 percent of GDP. That is over 100 times as much as the incremental wage payments associated with the extension of paid domestic violence leave to the whole economy. If access to paid leave, to support affected workers in resolving or escaping domestic violence, along with associated educational and organizational supports implemented in workplaces as part of that policy, helped to reduce the incidence of domestic violence by just 1 percent, it would therefore be more than compensated by the economic benefits associated with a safer society.

\(^{28}\) See, for example, McFerran (2016a) and Hannan (2016b).
V. Conclusion: Paid Domestic Violence Leave and Australia’s International Competitiveness

The preceding analysis has confirmed that fears of a major new cost burden on employers resulting from paid domestic violence leave are not based in real-world evidence. When we consider data regarding the incidence of domestic violence, the likely utilisation of leave, and the benefits to employers of pro-actively supporting employees to escape and prevent it, it is clear that the extension of this provision will impose negligible costs on employers – and more likely will result in cost savings, not to mention safer, more humane workplaces. Whether implemented through the FWC awards system (and subsequently replicated in other enterprise agreements and eventually in many individual employment contracts), and/or through reforms in the National Employment Standards, the availability of paid leave from work to attend specific events or activities associated with domestic violence helps victims of violence to resolve and escape their situations, maintain their jobs and incomes, and contribute to the productivity of their workplaces.

In this context, the recent claims by Australia’s Finance Minister that paid domestic violence leave would threaten Australia’s international competitiveness, are both extraordinary and lamentable. First of all, if a policy helps to save and repair the lives of the victims of domestic violence, then its effects on “competitiveness” (whatever that term means) are secondary. The whole point of economic progress is precisely to enhance the quality of life of Australians, and relatively simple measures which enhance the ability of workers to enjoy a life free from violence and fear surely make a positive contribution in that regard. But Mr. Cormann’s claim that domestic violence leave would damage national economic performance reveals both an extreme misjudgment of the nature of the proposed policy, and more worryingly a misunderstanding of the determinants of competitiveness in the modern global economy.

Our estimate above has suggested that extension of paid domestic violence leave to all paid employees in Australia would result in incremental wage payments to leave-
takers equivalent to under one-fiftieth of one percent of existing total payrolls. How could variation in any economic indicator by one-fiftieth of one percent meaningfully impact Australia’s standing in the world economy, or the eyes of international investors? Keep in mind that factors which undeniably do affect Australia’s international performance – variables such as exchange rates, commodity prices, interest rates, property prices, and others – fluctuate by much larger margins on any typical trading day. No-one would believe that a 0.02 percent fluctuation in any of those variables would significantly alter Australia’s economic trajectory. So how could a 0.02 change in wage payments, especially one associated with an effort to promote a safer and more stable workforce, be viewed as a marker of national economic underperformance?

Table 4
Other Examples of 0.02% Competitiveness “Shocks”

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2015 Actual Value</th>
<th>Value After 0.02% Adverse Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Dollar Exchange Rate ($/US)</td>
<td>75.302</td>
<td>75.317</td>
</tr>
<tr>
<td>Realized Price, Iron Ore Exports ($A/tonne)</td>
<td>$60.74</td>
<td>$60.73</td>
</tr>
<tr>
<td>Cost of Capital (5-year Non-Financial A-Rated Corp. Bond Effective %)</td>
<td>4.890%</td>
<td>4.891%</td>
</tr>
<tr>
<td>Median House Price ($A)</td>
<td>$661,075</td>
<td>$661,207</td>
</tr>
<tr>
<td>Annual Consumer Price Inflation (% per year)</td>
<td>1.5084%</td>
<td>1.5087%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations from ABS Catalogue 5368.0, Table 16; Australia Department of Industry, Innovation, and Science, Resources and Energy Quarterly; Reserve Bank of Australia, “Aggregate Measures of Australian Corporate Bond Spreads and Yields”; Real Estate Institute of Australia, Real Estate Market Facts; ABS Catalogue 6401.0, Table 1.

For comparison purposes, Table 4 lists five major macroeconomic variables which significantly affect Australia’s national status in the global economic system. For each one, the average value which prevailed in 2015 is listed. The last column then indicates how that value would change, after an adverse movement of 0.02 percent in its value. In none of the cases, is the change even visible until the fourth significant digit of the indicator. For example, a 0.02 percent appreciation of the Australian currency would change its value from 75.302 cents (U.S.) to 73.317 cents (U.S.). Economic agents would not pay attention to a change of that magnitude – even in the

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29 We also indicated that even those payments would not necessarily constitute a new “cost” to employers, since they will be reduced or offset entirely by other benefits and savings.
hyperactive world of international financial speculation. And the actual value of the Australian dollar regularly fluctuates by 50 times as much, in the course of a single day’s trading – and even then its influence on competitiveness is modest and uncertain. It is ridiculous to assert that a provision like paid domestic violence leave, with such infinitesimal financial effects but such important benefits for health and well-being, could have any negative impact on Australian competitiveness. More likely is that Mr. Cormann was just routinely invoking a tried-and-true trope, called on to resist any call for enhanced protection and well-being for workers: namely, the knee-jerk response that the dictates of competitiveness make any such initiatives utterly unfeasible.

At any rate, Mr. Cormann’s comments reveal a deeper and more worrisome lack of awareness of the actual determinants of competitiveness in modern international economic affairs. Modern economists and strategists understand well that being able to sell more high-value goods and services internationally, and attract and stimulate investment and innovation, has very little to do with trying to further suppress labour costs, and wring another 0.02 percent from the labour cost structure. Increasing emphasis is now placed on the ability to attract and retain talent, and foster a productive, healthy quality of life. Researchers such as Florida (2011) have demonstrated that the most successful countries and regions are those that boast inclusive, safe, and well-supported communities which appeal to innovators, investors, and workers alike. Even quantitative rankings of competitiveness are now directly integrating measures personal safety, social stability and inclusion, and quality of life into their analysis of the relative appeal of competing jurisdictions. In this context, assuring all workers that their personal safety and well-being is highly valued, and that employers will actively support them in addressing and preventing violence at home, can only enhance Australia’s competitiveness as a place to live and work – not hurt it.

30 For example, consider the rankings of competitiveness of cities produced by UN Habitat (2012) and the Economist Intelligence Unit (2016), both of which incorporate measures of personal safety, violent crime, and diversity; the international ranking published by the World Economic Forum (2016) includes similar indicators.


