

Family Dispute Resolution: A Cost-Benefit Analysis Summary

This summary highlights the value and benefits of family dispute resolution for parenting matters and explores the potential additional benefits of introducing a mandatory model for property matters.

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Family dispute resolution delivers substantial financial and social benefits. It helps both the family law system and families achieve better outcomes for far less cost than progressing to court.

Authors

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

This summary was prepared by the Relationships Australia Victoria Evaluation and Social Impact Team.

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Full report

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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

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

What is family dispute resolution?

Family dispute resolution (FDR), also known as family mediation, is a structured process which helps separating couples to resolve their post-separation matters outside of court.

Disputes may relate to conflicts about parenting and/or property matters which can be resolved together or separately through FDR.

- 'Parenting matters' relate to the care of children in the relationship and each parent's support obligations, including financial responsibilities relating to children.
- 'Property matters' relate to the division of assets and liabilities such as property, accounts and vehicles.

Changes to the Australian *Family Law Act 1975 (Cth)* in 2006 made it mandatory for separating parents to try resolving their parenting matters through FDR before applying to the courts.

There is currently no requirement to try FDR before going to court for property matters.

Relationships Australia Victoria (RAV) pioneered FDR in the mid-1980s and continues to be one of Victoria's largest providers of the service today.

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.

RAV has conducted a CBA of our 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 analysis uses real data from 2023 to assess the impact of mandatory FDR in 2 scenarios which are detailed on page 2.

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.

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 analysis evaluated the current operating model of mandatory FDR for parenting matters in 2 scenarios, 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.

Scenario 1

Compared the current operating model for parenting matters with a counterfactual scenario informed by data on how Australian family law disputes were resolved prior to the 2006 changes to the *Family Law Act 1975 (Cth)*.

Scenario 2

Explored the potential added value of introducing a mandatory FDR model for property matters under family law legislation. This was informed by current data on positive agreement and satisfaction rates amongst past RAV clients who chose to proceed with property FDR.

Client outcome data

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

RAV collects client outcome 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 analysis 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 scenarios 1 and 2, 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.

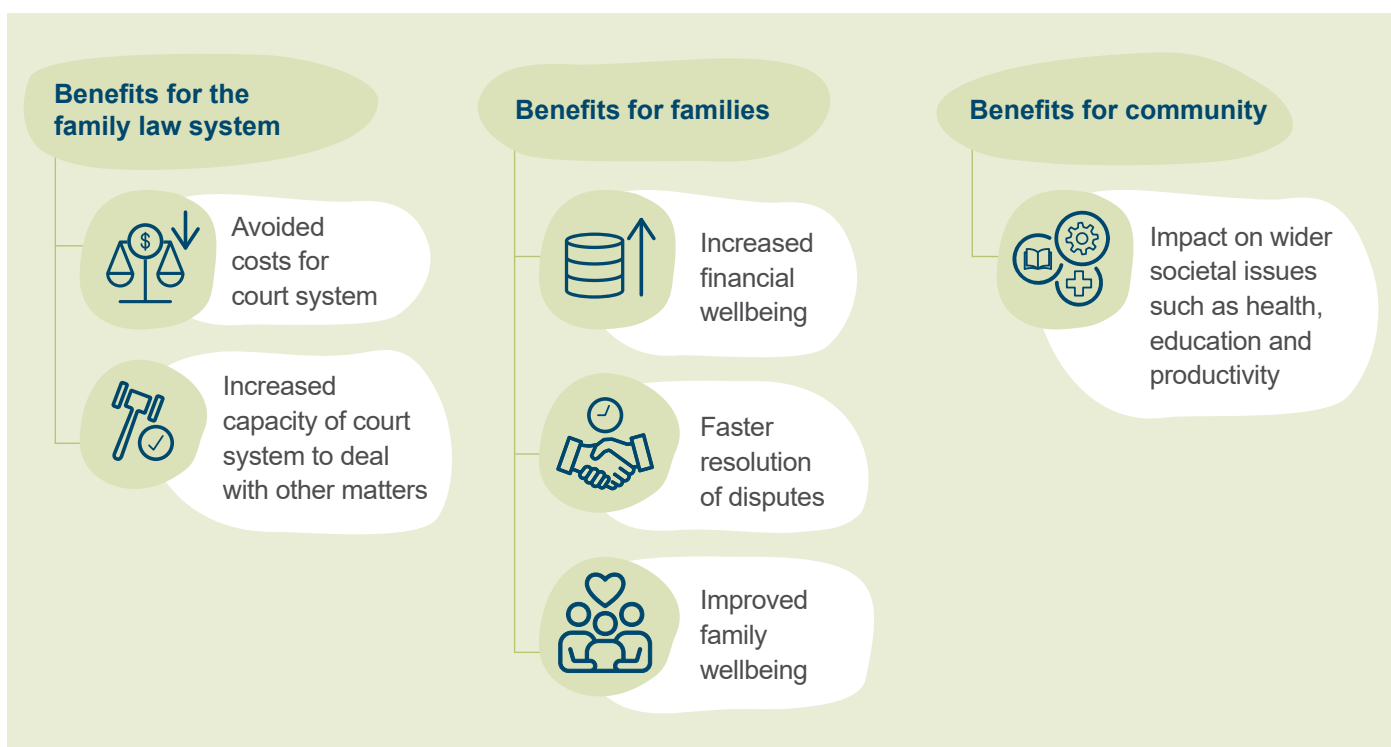


Figure 1: Framework demonstrating the benefits of FDR services

Distributional analysis

The analysis 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.

20.8 Benefit–cost ratio for parenting matters

Scenario 1

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 including 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. Including 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.

22.5 Benefit–cost ratio for parenting and property matters

Scenario 2

We found that if mandatory FDR was extended to property matters in future, this would result in even greater returns on investment, with community-wide benefits estimated to be more than 22 times the associated costs, largely due to the higher legal cost savings for families.

Overall, the analysis indicates that mandatory FDR delivers substantial financial and social benefits, helping 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.

Figure 2: Results of FDR CBA

	Parenting	Parenting & property
Benefits for the family law system		
Avoided costs to the court system	\$4,400	\$5,176
Benefits for families		
Increased financial wellbeing (avoided court costs per family)	\$41,800	\$48,565
Improved outcomes (such as mental health, child wellbeing and family safety)	\$16,842	\$16,842
Total benefits	\$63,042	\$ 70,583
Costs		
Cost of FDR services to government	\$2,938	\$2,938
Cost of FDR services to families	\$86	\$206
Total costs	\$3,024	\$3,144
Net present value – the difference between the total benefits and the costs	\$60,018	\$67,439
Benefit–cost ratio – the value of total benefits in relation to the total costs	20.8	22.5

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