

SUMMARY REPORT

The Economic Benefits of Sport on the Mental and Physical Wellbeing of Veterans in Australia

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EXECUTIVE SUMMARY

This report explores the economic benefits of sport on the mental and physical wellbeing of ADF veterans, as well as aspects of their social wellbeing. It evaluates the significant role that sports play in enhancing the mental, physical, and social health of veterans and their families, while presenting the potential return on investment for incorporating sports as an upstream intervention for mental health challenges among veterans. Key findings include:

Mental Health Benefits: Veterans face high rates of mental health challenges, including post-traumatic stress disorder (PTSD), anxiety, depression, and substance abuse. About 46% of veterans experience a mental health condition within a year of transitioning from service. Research highlights the profound role of sports in reducing symptoms of these conditions by fostering resilience, reducing isolation, and promoting positive social connections. Sports is a key protective factor against suicide, a prevalent issue among veterans, with three veteran suicides occurring every fortnight in Australia.

Economic Cost of Mental Health: The economic impact of veterans' mental health conditions in Australia is estimated at \$5.02 billion based on data from 2021-22. Of this, 88% comprises opportunity costs, including productivity loss, informal care, and premature death by suicide due to mental health issues. Sports-based interventions have the potential to mitigate these costs by improving veterans' mental health outcomes and reducing the burden of mental health-related conditions.

Physical Health Benefits: Veterans are at higher risk for physical health issues due to the demands of military service. Common conditions include musculoskeletal injuries, cardiovascular diseases, and arthritis, many of which require long-term management. Participation in sports improves physical fitness, reduces the severity of chronic conditions, and encourages healthier lifestyles post-service. Engaging in regular physical activities via structured sports programs can prevent further deterioration of veterans' health, while targeted sports programs help veterans maintain mobility and manage chronic pain – both reducing healthcare costs. Sports also serve as a rehabilitative tool for wounded or injured veterans, helping them regain physical functionality and mental resilience.

Social Health Benefits: Nearly 20% of veterans experience loneliness and 10% reported social isolation. Some veterans often struggle to reintegrate into civilian communities after leaving the structured environment of the military, and sports enable them to build social connections, re-establish a sense of camaraderie and obtain peer support via team sports participation, and improve their sense of belonging. Feelings of isolation and loneliness are closely linked to poor mental and physical health, and sport is an essential tool for social engagement. Encouraging veteran participation in organised and informal sports, or volunteering in it, has the potential to strengthen community ties and improve social cohesion among veterans and their families, especially after transitioning into civilian life.

Potential Return on Investment: Investing in sports as an upstream intervention on veterans' mental health has a potential return on investment of 2.5, implying that each dollar invested into veteran-focused sports generates about two and a half times savings to the Australian economy, in terms of mental health costs. For example, by increasing the proportion of veterans that are physically active by 10 percentage points can reduce mental health costs by approximately \$230 million.

Opportunity Areas: There is potential for greater collaboration between government bodies, local communities, and veteran organisations to expand sports programs tailored to veterans' unique needs. Together, the programs can be collectively delivered at scale and with efficiencies, so more veterans and their families can benefit from the physical, mental, and social improvements that sports offer.

In conclusion, sports play a critical role in addressing the multifaceted health challenges faced by ADF veterans, with significant positive effects on veterans' quality of life that also extends to their families and communities. Investing in sport as an upstream intervention for veterans can foster long-term health benefits for veterans and their families, ultimately providing significant economic and social returns for the broader Australian community.

THE STATE OF PLAY

Australia has **581,139** veterans¹

6,696 veterans transitioned from the ADF in 2022, with an upward trend forecasted¹

Transitions from the military are:
62% Voluntary
26% Medical

THE TROUBLING STATISTICS



1,677 reported veteran suicides from 1997-2021¹



3 DEATHS per fortnight (avg.) by suicide over the last decade²



49% of mental health claims to DVA are related to PTSD²



Nearly **1 in 10** veterans were socially isolated³



Nearly **1 in 5** veterans were lonely⁴



5% transitioned veterans experience homelessness yearly⁵



POSITIVE FAMILY CONNECTIONS are a key protective factor against suicidal behaviour

IMPACT OF SPORT IN AUSTRALIA



41% of Australians participate in a sport-related activity at least once a week⁶



Minimum physical activity reduces:
burden of anxiety by up to **6.5%**



burden of depression by up to **4.4%** (in 25 years' time)

Australians continue to exercise for the social and mental health benefits. Both are still a greater motivator now than before the COVID-19 pandemic.⁶

ECONOMIC IMPACT

Approx. **\$5.02 bn** total economic cost of veterans' mental health in Australia

2.5x return per dollar invested into sport as upstream intervention on veterans' mental health

There is potential for greater collaboration between government bodies, local communities, and veteran organisations to collectively deliver sports programs at scale tailored to the unique needs of veterans and their families.

Footnote:

1. ABS Census 2021
2. Department of Veterans' Affairs (DVA)
3. Royal Commission into Defence and Veteran Suicide Report
4. Australian Institute of Health and Welfare (AIHW)
5. Specialist Homelessness Services
6. Clearinghouse for Sport, AusPlay

SPORT IN AUSTRALIA

Cost of Sport in Australia

Australians recognise the value of sport and continue to invest in it, understanding the many benefits of having an active lifestyle. According to a survey by the ASC, Australians spent \$16.4 billion on sport and physical activity in 2022, with \$12.5 billion spent on participation by adults over 15 years old and \$3.9 billion spent on organised outside of school participation by children. Sport-related activities makes up half of the adult participation cost (\$6 billion) and majority of the children's participation cost (\$3.3 billion).

Cost of sport or physical activity participation is not significantly different between males and females, with the median spend for males at \$624 compared to \$648 for females in 2022. The abovementioned cost is the fees paid to an organisation or venue to participate and does not include other costs, like equipment or travel. (ASC 2023)

41% of Australians [aged 15+] participate in a sport-related activity at least once a week

14% of Australians [15+] volunteer in the sport and active recreation sector at least once a year

Physical health and fitness is the **strongest motivator** for Australians 15+ to participate in sport and physical activity

Source: Clearinghouse for Sport, AusPlay

The Value of Sport to Australia

Sport is part of the cultural identity of many Australians, where the enjoyment of and participation in sport is essential to the Australian way of life, whilst the economic, health, educational and community benefits are also being enabled for the country and its people.

Together, sport creates significant value for Australia, with **at least \$7 returned on every dollar** expended in the sector

Source: IGRS 2017

Playing sport as a child improves **cognitive development** and learning of **critical life skills** that are important for adulthood

Source: IGRS 2017

Each participant in **organised sport in WA** realises a **return of \$10,178** from their participation

Source: Sport West, 2022

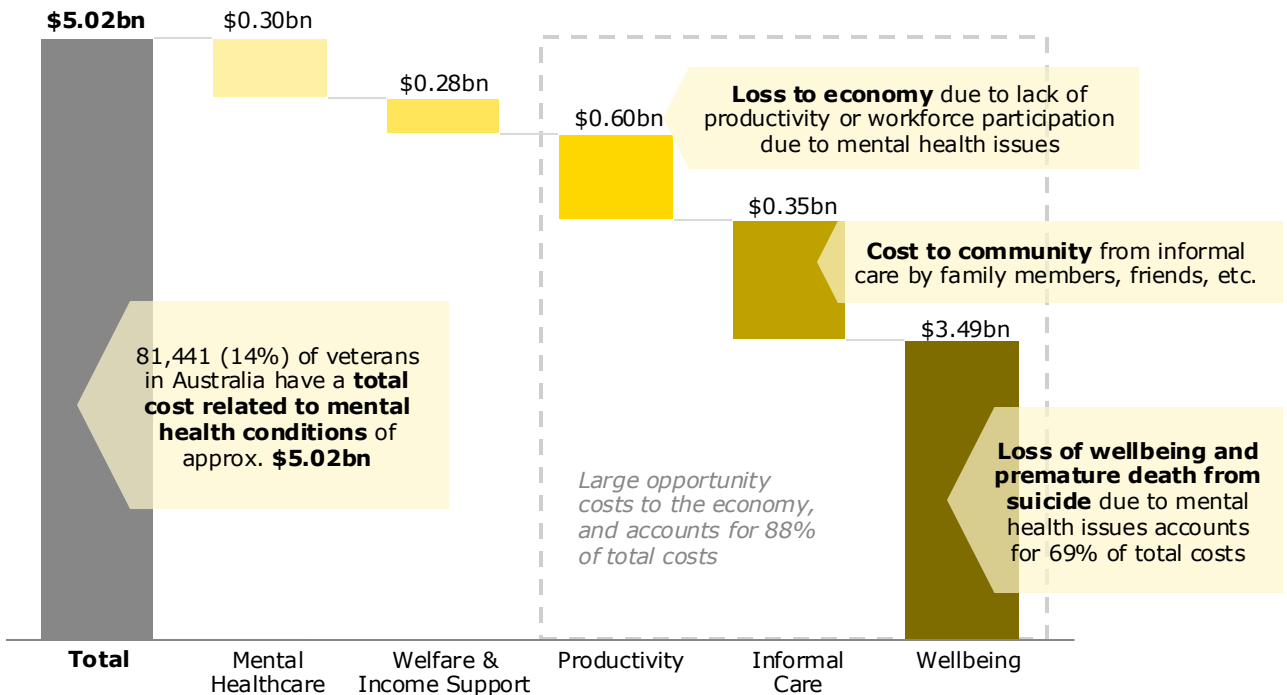
COSTS OF MENTAL HEALTH FOR VETERANS IN AUSTRALIA

There are 81,411 or 14% of 581,139 veterans in Australia (ABS, 2021) that have a mental health condition, including depression or anxiety. Based on this, the total cost of veteran’s mental health in the Australian society is estimated to be \$5.02 billion. Direct costs account for 12% of the total costs, with a similar split between mental healthcare treatment costs and welfare and income support of \$0.30 billion and \$0.28 billion, respectively. Of the \$0.30 billion, majority of the mental healthcare treatment cost (98%) is funded by government like Medicare and private health agencies, while the remainder (2%) are out-of-pocket expenses by the individual. The welfare and income support consists of DVA funded healthcare spend and formal care costs related to mental health conditions for veterans.

Opportunity costs such as productivity loss, informal care, loss of wellbeing and premature death by suicide due to mental health issues are large hidden costs to the economy, and accounts for 88% of the total costs. Within that, the loss of wellbeing and premature death from suicide due to mental health issues is the largest cost area (69% of the total cost), impacted by psychological factors associated to loss in quality of life and increase in self-harm activities from poor mental health.

Total Cost of Mental Health Conditions for Veterans in Australia (\$bn) ^{1,2,3}

\$bn, total number of veterans with mental health conditions in 2021



1. The values have been taken from different sources (listed in the 'Reference' section of this report) and as possible, from each source's latest reporting on the topic. We have brought forward the values through time value of money calculations and are reporting on 2022 AUD basis.
 2. While incurred costs are directly apportioned from reported numbers, economic costs are estimates based on most cited and scientific methods, but still limited to fair level of confidence.
 3. Assumption that the mental healthcare costs of an Australian is in line with that of a veteran (12-month mental disorder basis)

COSTS OF PHYSICAL HEALTH FOR VETERANS IN AUSTRALIA

Direct Costs Associated with Physical Health of Veterans in Australia

Increased Healthcare Costs

The healthcare needs of veterans with physical health conditions are extensive and require a wide range of medical services, including surgeries, medication, rehabilitation, and ongoing care. DVA in Australia plays a crucial role in funding healthcare services for veterans. In 2021 alone, DVA spent over \$2.8 billion on healthcare provisions for veterans, a large portion of which went toward managing chronic physical health issues.

Indirect or Opportunity Costs Associated with Physical Health of Veterans in Australia

Long-Term Financial Strain on Families

The economic impacts of veterans' physical health conditions extend beyond the individuals, to include their families as well. In many cases, family members take on caregiving responsibilities, particularly when veterans require daily assistance with mobility, medication, or physical therapy. The financial strain can have long-term implications for the family's economic well-being, reducing their capacity to invest in education, housing, or retirement savings.

Loss of Productivity and Economic Participation

Veterans with physical health conditions often experience reduced capacity to work, which results in a loss of productivity. Veterans with physical disabilities are less likely to be employed compared to their non-disabled counterparts, and when they are employed, they often face reduced earning potential due to physical limitations or part-time work. This income loss can have long-term economic repercussions for veterans and their families, including reduced savings, limited financial security in retirement, and increased dependency on social welfare programs.

COSTS OF SOCIAL HEALTH FOR VETERANS IN AUSTRALIA

Good social wellness has both physical and mental benefits, and subsequently mortality risks. Similarly, having good mental health drives improvement in social health. Studies show that both the quality and quantity of social relationships have short and long-term effects on an individual's health and wellbeing. This is particularly important for ADF former serving members, especially during the vulnerable period of transition to civilian life, that may bring in risks of social isolation and loneliness.

The economic costs associated with social isolation and loneliness among veterans in Australia impacts both healthcare expenses and overall productivity. Australia invests significantly in the health and wellbeing of its veterans and the Defence community, focusing on various aspects including mental health and social connectedness. DVA budget for 2023-24 includes \$328.1 million over four years for supporting the ADF veterans and their families, including funding for mental health services and social programs.

Several initiatives aim to improve veterans' social and mental health. For instance, as part of DVA's 2023-24 budget package, \$500,000 is allocated to expand the Acute Support Package, which provides additional support to families, including grand-carers or grandparents who are full time carers of the children of veterans, while \$2 million is committed over two years to mental health awareness and suicide prevention training for volunteers working with veterans. Additionally, other government departments and ESOs do contribute resources to veterans' social health through broader health and social services.

POTENTIAL RETURN ON INVESTMENT OF SPORT ON VETERANS MENTAL HEALTH

Investing in sports for veterans not only enhances physical health and social connections, but also plays a crucial role in promoting mental health improvements. The potential return on investment of sport as an upstream intervention on veterans' mental health and psychological related conditions in Australia is 2.5, implying that for every dollar invested into sport for veterans generates about two and a half times savings to the economy in terms of mental health costs. For example, an investment of \$1,000 into sports programs for veterans will return about \$2,500 worth of cost-savings to the Australian economy due to economic and attributable social benefits resulting from mental health improvement in veterans.

Average of **40% reduction** in **psychological distress** by being **physically active** and **participating in sport**

Increasing the proportion of **veterans** that are **physically active** by **10 percentage points** can reduce mental health costs by approx. **\$230 million**

Investing in sport as an upstream intervention for **veteran's mental health** can deliver **2.5x cost-savings** to the Australian economy

OPPORTUNITIES OF SPORT FOR AUSTRALIA'S DEFENCE COMMUNITY

Using sport as an upstream intervention means implementing sports programs early in veterans' lives to address or prevent mental, physical, and social challenges before they escalate.

Invest in veteran specific sport programs and initiatives

Australia can invest in sport as an upstream intervention for veterans' overall wellbeing by creating additional targeted, veteran-specific sport programs that are inclusive and accessible. Leveraging the AIHW veteran-centred model, these programs could be designed to address physical rehabilitation, mental health, and social connection, providing veterans and their families with a supportive community. Moreover, investing in sport as an upstream intervention for veteran's mental health can deliver 2.5 times cost-savings to the Australian economy, in terms of mental health costs.

Partnerships between government, local sports clubs, ESOs and others

Partnerships between government, local sports clubs, and veteran organisations or ESOs can help expand resources or capacity and facilities across the ecosystem to enable sport intervention in veterans and their families' lives, especially post-military. With around 70,000 sports clubs in Australia, there are opportunities for collaboration at a local community level to also maximise social capital benefits. Moreover, strategic alliances between sporting organisations and ESOs can foster cross-organisation synergies and enhance broader coordination, leading to greater program scale and improved cost-efficiencies in delivering sport-based programs for veterans and their families.

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