

2023-24 Pre-Budget submissions
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26 January 2023

Dear Treasury colleagues

**Australian Alcohol and other Drugs Council (AADC) 2023-24 Pre-Budget submission:
Key challenges currently facing the alcohol and other drugs (AOD) sector in Australia**

I am writing following a series of meetings with Australian Government members and their staff in late 2022, in which the state and territory AOD peak body CEOs and I outlined some of the key challenges currently facing the AOD sector, which have implications for the 2023-24 Budget.

In short, the AOD sector is currently facing some significant and immediate challenges to its capacity to continue to deliver services to Australians who need them. The top two relate to:

- funding and capacity; and
- the current lack of a national governance framework/structure for the AOD sector.

Firstly, having conducted consultations with AADC's membership over the latter half of 2022, it is very clear that one of our top concerns relates to funding and capacity for the AOD sector. The sector has been underfunded for many years and this has been exacerbated by the lack of consistent indexation on Commonwealth contracts with AOD services for the better part of a decade. This continues to affect not only those organisations receiving funding directly from the Department of Health and Aged Care, but also those receiving Commonwealth funding through Primary Health Networks (PHNs) and the National Indigenous Australians Agency (NIAA).

In 2014, the [New Horizons: The review of alcohol and other drug treatment services in Australia](#) report (commissioned by the then Australian Government Department of Health) found that:

"...approximately 200,000 people receive AOD treatment in any one year in Australia (Chapter 7). At the same time, modelled projections of the unmet demand for AOD treatment (that is the number of

people in any one year who need and would seek treatment) are conservatively estimated to be between 200,000 and 500,000 people over and above those in treatment in any one year (Chapter 8)."

In this context, we note also the findings of the recent Australian Institute of Criminology (AIC) report - [What are the monetary returns of investing in programs that reduce demand for illicit drugs?](#) - which found that on average demand reduction programs, including AOD treatment services, provide a return on investment of \$5.40 (AUD) for every dollar spent.

Despite these findings, many already underfunded AOD services have not consistently received indexation on Commonwealth funding contracts during the last decade, resulting in an effective reduction in funding and capacity for the sector over this time. This problem is widespread, impacting services funded by the current Department of Health and Aged Care and through the PHNs, as well as Indigenous specific services funded by NIAA. This has in effect been a death by a thousand cuts for many services, which has now reached a crisis point. Services are unable to maintain existing service capacity, often because they are unable to sustain existing staff levels whilst meeting Award wage rates. As is often the case in the community sector, this impacts on our disproportionately female, over 45 and part time workforce. In addition, lack of consistency in contract length across Commonwealth funding sources and regular delays in execution of contracts through some PHNs is causing an ongoing challenge.

Minister Rishworth acknowledged some of these challenges as they pertain to the Department of Social Services (DSS) portfolio in her 2022 [speech to the Australian Services Union NSW/ACT Social and Community Services Council](#). She also specifically stated that she has asked her Department to look at how key commitments in relation to indexation and contracts can be delivered. It would make a significant difference to sector capacity and capability if Minister Butler could respond similarly in the Health space for the AOD sector. Minister Burney and Assistant Minister McCarthy would also need to be able to consider budgetary implications for Indigenous specific AOD services funded by NIAA. The AOD sector's situation is now as dire as for those funded under the DSS portfolio – if not more so – with services closing their books and terminating staff at a time when demand for AOD services is increasing. We are confident that the current Australian Government is committed to making economically sensible, forward-thinking investments in the Health and Indigenous portfolios - in addition to the Social Services portfolio - to ensure long-term economic, health and social benefits for all Australians.

In this context, we note in particular the cross-portfolio "Support for Community Sector Organisations" measure announced as part of the October 2022-23 Budget. This measure outlined that "the Government will provide \$560 million over 4 years from 2022-23 to support Community Sector Organisations at need of funding supplementation due to additional staff pressures and higher inflation outcomes." This measure included \$47.5 million each year for NIAA and \$17.1 million each year for the Department of Health and Aged Care over the four years from 2022-23 to 2025-26. We are seeking reassurance that some of this funding to the Department of Health and Aged Care and NIAA will be allocated to address the AOD sector specific issues raised above.

In addition, we are seeking a comprehensive analysis of the quantum of Commonwealth funding currently provided via grant/funding agreements/contracts to AOD sector organisations and services by the Department of Health and Aged Care, PHNs and NIAA, to inform and enable the consistent allocation of indexation to **all** ongoing (i.e. multi-year) funding arrangements moving forward. This would enable Treasury to accurately factor these costs into budgetary considerations for the 2023-24 Budget and beyond.

It would be helpful if this analysis also included some commentary in relation to the continuity of funding allocated to particular organisations within this context. Consultation with AADC member organisations has highlighted ongoing concerns in relation to the discontinuation of fixed term project funding and funding for 'pilot' projects, especially where funding to organisations is discontinued despite positive evaluations and/or evidence of success in achieving outcomes. Such arbitrary discontinuation of funding for projects and organisations impacts both organisational sustainability and continuity in service delivery to clients and communities, as well as having significant additional negative impacts for recruitment and retention of staff for organisations and services in the AOD sector.

Secondly, to address the lack of coordination in priorities and funding for the AOD sector nationwide, it would be of significant benefit to the sector if the Minister for Health was able to re-establish a governance framework for the AOD sector at the national level. Under the previous Government, the governance structure for the AOD sector was disbanded, following the removal of the Council of Australian Governments (COAG) structure. In years gone by, national governance structures such as the Ministerial Council on Drug Strategy, the Intergovernmental Committee on Drugs and the National Indigenous Drug and Alcohol Committee (NIDAC) were integral to the development and implementation of National Drug Strategies. They ensured a better coordinated approach to system development and funding for the AOD sector at both Commonwealth and State/Territory levels. National governance structures remain in place for other sub-sectors within the Health portfolio (such as in the Blood Borne Viruses and Sexually Transmissible Infections sub-sector) and reinstating such a structure for the AOD sector is seen as critical for the ongoing development and advancement of coordinated priorities for the AOD service sector across Australia.

We consider that the re-establishment of a national governance framework for the AOD sector would also enable greater coordination and oversight of the allocation of Commonwealth funding to AOD sector organisations across the Department of Health and Aged Care and NIAA portfolios, as well as monitoring of funding currently administered by the PHNs, in line with the National Drug Strategies. This would promote greater consistency in the application of indexation, contract length and commissioning practices for AOD sector organisations seeking to negotiate the current maze of parameters and requirements for Commonwealth funding from different sources.

Such an initiative may be able to be achieved primarily within the existing resources of the respective Departments, and potentially through a relatively modest allocation in the 2023-24 Budget, particularly to enable the re-establishment of funding for the operations of NIDAC. The enhanced transparency and funding accountability the re-establishment of a national governance framework for the AOD sector could enable, would no doubt better inform the development of AOD sector Budget priorities moving forward.

In summary, the AOD sector is currently facing a number of significant challenges to its capacity to continue to deliver services to Australians who need them, their families, friends and communities. The top two relate to:

- funding and capacity (quantum of core funding, indexation on existing contracts, and contract length and commissioning practices being the most immediate concerns); and
- the lack of a national governance framework/structure for the AOD sector (which has hamstrung coordination in the development, implementation and funding of National Strategy priorities), including in relation to the re-establishment of funding for the operations of NIDAC.

We are asking that these factors be considered as part of current discussions in relation to the 2023-24 Budget process. Thank you in advance for your consideration of and attention to these matters.

Please don't hesitate to contact me directly on 0438 430 963 or via email – melanie.walker@aadc.org.au – should you have any queries or require additional information in relation to this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Melanie Walker', with a stylized flourish at the end.

Melanie Walker
Chief Executive Officer
Australian Alcohol and other Drugs Council

About the Australian Alcohol and other Drugs Council (AADC)

The Australian Alcohol and other Drugs Council (AADC) is the national peak body representing the alcohol and other drugs (AOD) sector. We work to advance health and public welfare through the lowest possible levels of AOD related harm, including tobacco and smoking-related harms, by promoting effective, efficient and evidence-informed prevention, treatment and harm reduction policies, programs and research at the national level. AADC's founding members comprise each state and territory peak body for the AOD sector, other national peak bodies relating to the AOD sector, and professional bodies for those working in the AOD sector.

AADC is a member-based organisation and represents:

- over 550 AOD specialist health services working to prevent and reduce harms which can be associated with the use of AOD, including more than 80% of the non-government organisations that receive federal funding to deliver services and support to people using AOD;
- more than 1600 specialist practitioners working in AOD services in the areas of prevention and early intervention, as well as treatment settings representing all treatment types including counselling, detoxification, residential and non-residential rehabilitation, opiate replacement therapy, and harm reduction and prevention services;
- researchers and policy specialists dedicated to building the evidence-base to support robust, high impact practice and programs; and
- people who use or have used AOD, and their families.

The current membership of AADC is:

Alcohol, Tobacco and Other Drug Association ACT (ATODA)	Alcohol, Tobacco and Other Drugs Council Tasmania (ATDC)	Association of Alcohol and Other Drug Agencies NT (AADNT)
Australasian Therapeutic Communities Association (ATCA)	Australian Injecting and Illicit Drug Users League (AIVL)	Drug and Alcohol Nurses Australasia (DANA)
Family Drug Support	National Indigenous Drug and Alcohol Committee (NIDAC)	Network of Alcohol and Other Drug Agencies (NADA)
Queensland Network of Alcohol and Other Drug Agencies (QNADA)	South Australian Network of Drug and Alcohol Services (SANDAS)	The Australasian Professional Society on Alcohol and other Drugs (APSAD)
Victorian Alcohol and Drug Association Inc (VAADA)	Western Australian Network of Alcohol and other Drug Agencies (WANADA)	Drug Policy Modelling Program* <i>*AADC associate member</i>