

New Horizons: The review of alcohol and other drug treatment services in Australia

EXECUTIVE SUMMARY

July, 2014

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Australia's approach to responding to the harms associated with alcohol and other drugs comprises the three pillars of the National Drug Strategy: reducing supply, reducing harm and reducing demand. This report concerns reducing demand, and specifically alcohol and other drugs and reducing

We valued Australia's current investment in AOD treatment at around \$1.26 billion per annum ([Chapter 4](#)). Compared to the unmet demand, along with the prevalence rate of AOD problems in Australia and the estimated social cost per annum (\$24 billion: Collins and Lapsley, 2008) the investment in AOD treatment is small.

Of the \$1.26 billion total, the Commonwealth contributes 31%; state/territory governments contribute 49% and 20% is contributed through private sources (philanthropy and client co-payments). Removing the private contributions, the Commonwealth's contribution is 39% and the state/territory governments' contribution is 61%.

the Commonwealth, as were 31% of the organisations funded under the SMSDGF Priority 1 ([Chapter 5](#)).

There is no evidence that the Commonwealth's investment is out of step with the states/territories in terms of the types of treatment it purchases. The treatment service types supported by Commonwealth funds (largely counselling and residential rehabilitation) are also supported by state/territory funds.

Priority areas and significant service gaps that we have identified ([Chapter 8](#)) inclu

Role delineation: where does the Commonwealth fit in?

Analysis of the existing documentation regarding the role of the Commonwealth in Australian healthcare, the National Drug Strategy, and the perspectives put forward by key informants, along with federalism considerations revealed a clear set of responsibilities for the Commonwealth that clarify its role in AOD treatment ([Chapter 12](#)). These responsibilities are:

1. Advancing national priorities
2. Providing leadership in planning
3. Addressing service quality
4. Supporting equity.

1. Advancing national priorities

The Commonwealth has a unique role and responsibility to advance areas seen as important *across* states and territories. There is no duplication with states/territories in this function. It is the only

disadvantage, limiting the capacity for the Commonwealth to exercise decision-making and acquit its responsibilities in relation to equity.

The transfer could be made through a single (block) grant. Allocations to each state/territory could be based on a formula inclusive of the overall rate of AOD problems, the extent of unmet demand for treatment and the context for service delivery. The Commonwealth could take into account equity issues in its allocations of funds to each state/territory, consistent with its role in ensuring minimum service levels and equity of access to AOD treatment across Australia. At the same time, this option may compromise the mandate to ensure equity in the short-term given that once the three- or five-year allocations are made, the Commonwealth has no further funds to distribute in emergencies or in situations where future inequities arise.

The major concern expressed by key informants (across government and non-government) to the Review is the potential loss of these currently dedicated AOD treatment funds. There is a fear, based on past history, that the funds will be potentially lost within state/territory systems. It would require careful quarantining of the funds and mechanisms to ensure that the funds were expended according to the original Commonwealth intention (that is the purchase of AOD treatment and capacity building). On balance, we consider this to be a high risk option, despite its attractiveness.

An alternative to the single block grant transfer of funds to the states/territories is for the Commonwealth to employ an Activity Eaci1 0 0 1 389.8o Eaci1 0 0 1 389.8on

which occurs in the context of grants to states/territories (discussed above). A fixed unit price would facilitate transparency about the price for service types, enabling competitive processes to focus on quality. The development of unit costs will take some time, and would not be available in the short-term.

Accountability

Monitoring processes need to account for the complexities of the funding environment and strive for contract management that is meaningful, respectful, and useful for both services and government, operating in an ongoing cycle of improvement and sector development.

In the situation where organisations are

Where possible, shared contract management with states/territories is worth pursuing, alongside the current reform of contract management processes by the Commonwealth.

Communication, collaboration and partnerships

We want to reinforce that *how*

Disclaimer

This is an independent report.

While many experts provided valuable data, advice and opinions, the views expressed here are solely those of the researchers. The Review Advisory Committee members have not seen the report. The Review Advisory Committee and the Department of Health provided ongoing and thorough feedback but all conclusions have been drawn by the researchers alone.

Acknowledgements

This substantial research project would not have been possible without the extensive support of and collaboration from a number of key organisations and individuals. The state and territory health departments all gave freely of their time and provided us with data and shared their valuable experiences in relation to AOD treatment funding. The peak bodies in each jurisdiction (AADANT, ATDC, ATODA, NADA, QNADA, SANDAS, VAADA, WANADA) gave their time and expertise across the life of the review: facilitating access to data and treatment providers, participating in interviews and