



Funding Sustainability for the Alcohol, Tobacco and other Drugs Sector

Position Paper

July 2024

No Harm, No Discrimination

atdc
Alcohol, Tobacco and other
Drugs Council Tasmania



Traditional Custodians

The ATDC acknowledges the Tasmanian Aboriginal people as the traditional custodians of lutruwita/Tasmania. We recognise and pay our respects to elders and leaders of the community, past and present and recognise the value of working together.

About ATDC

The Alcohol, Tobacco and other Drugs Council Tasmania (ATDC) is the peak body supporting community organisations, and the people they assist, to reduce alcohol, tobacco and other drug related harm.

Our vision is a Tasmania without alcohol, tobacco or other drug related harm or discrimination. As an independent not-for-profit organisation, the ATDC represents a broad range of alcohol, tobacco and other drug community-managed organisations. These organisations provide information and awareness, prevention and early intervention, harm reduction, as well as specialised treatment and recovery services and programs.

Working with all levels of government and the community, the ATDC plays a vital role in leading, collaborating and advocating for increased investment into treatment services and population-based initiatives that raise awareness, provide information and access to quality treatment and support.

The ATDC supports the sector by delivering training, networking and information sharing opportunities, as well as undertaking policy and advocacy projects with, and on behalf of our members. At all times, our work is underpinned by a commitment to evidence-based practices and policies, lived experience participation, harm reduction, partnerships and collaboration.

ATDC Position Papers

The ATDC publishes position papers about issues that affect those who use alcohol, tobacco and other drugs, and the organisations who support them. Our positions are the result of consultation across the sector and with advocates, and reviews of relevant research. The position papers present shared priorities for reducing harm and discrimination.

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ATDC Position Statement on Sustainable Funding

The ATDC calls for:

- 1 **Five-year funding contracts with adequate indexation and minimum six-month renewal notices.**
- 2 **An agreed 'bed rate' for residential rehabilitation services.**
- 3 **Immediate increased investment in the community managed alcohol, tobacco and other drugs sector.**
- 4 **A long-term investment plan to reduce alcohol, tobacco and drug-related harm across Tasmania.**
- 5 **Ongoing long-term funding to support ATOD peer workers in Tasmanian alcohol, tobacco and other drugs services.**

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...indexation is a critical issue for your sector, and I think this formal review is a very positive step forward. But we are also moving to five-year contracts beyond electoral cycles, and I believe this ... will give the sector funding assurance, sustainability, and the flexibility it needs moving forward. It will also be instrumental in being able to recruit and retain staff through the sector...

- Premier Jeremy Rockliff, TasCOSS Luncheon, 16 February 2023

”

Defining the problem

The Tasmanian community managed alcohol, tobacco and other drug service sector is shrinking.

Tasmanians seeking assistance with alcohol, tobacco and other drug (ATOD) issues are receiving reduced services across the state, as there are less staff and less services provided.

Most of the funding for the Tasmanian ATOD sector is through government, contracting the community managed ATOD sector to provide services that include treatment and support, education, advocacy, and harm reduction¹. These services benefit those who seek support and treatment for their substance use and create healthier and happier communities.

However, several aspects of the funding arrangements undermine the sustainability of the ATOD sector nationwide, including:

- short term funding agreements (<3 years) with significant delays in contract renewals.
- inadequate or no indexation added, ignoring real cost increases to service delivery, leading to a situation where costs are absorbed by community managed ATOD services.
- lack of a commissioning framework that recognises the real costs associated with delivering different types of programs and services in rural, regional and remote parts of Australia.

Factors impacting Tasmanian community managed ATOD services

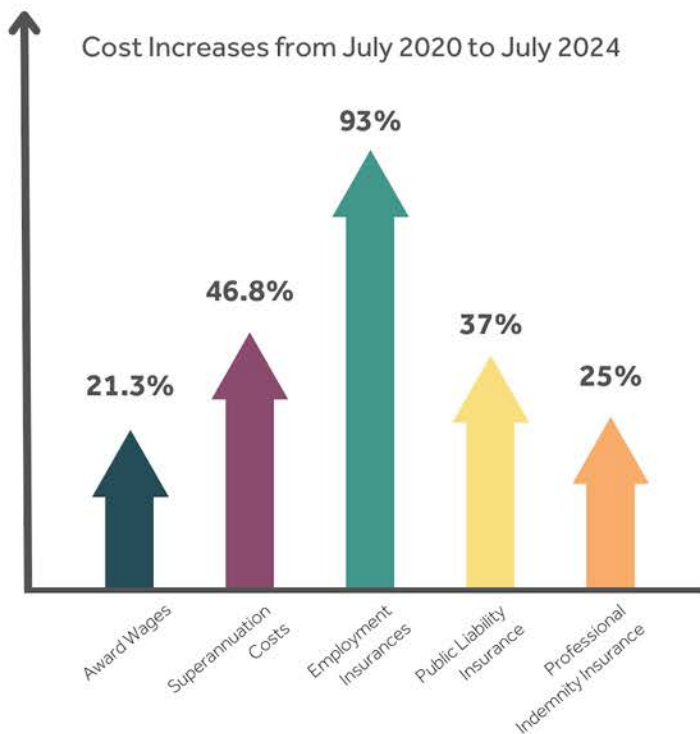
ATDC members report that financial pressures have led to their organisations:

- making significant financial cuts to essential operational expenditure to compensate for the increase in real costs of service provision,
- having to regularly evaluate budgets and the bottom line due to contract delays and financial uncertainty,
- making significant workforce cuts, resulting in a loss of skills, corporate knowledge, and undermining the continuity of care for clients,
- experiencing difficulties in forward planning and investing in workforce development due to unstable funding arrangements,
- having a reluctance to pilot or invest in new programs, or rolling out of system improvements despite positive evaluations,
- reporting a greater difficulty forming collaborations that are needed to reduce service gaps,
- reporting a general inability to increase service capacity to meet demand.

The ATDC is calling for five-year funding contracts with adequate indexation and minimum six-month renewal notices.

¹ 360edge, 2023. Investment in the alcohol and other drugs sector in Tasmania. Final report.

In summary, there has been a significant rise in costs for ATDC member services. High inflation (since 2020, there has been an 77% increase in CPI) has seen costs across almost every budget line increase significantly, with most funding contracts failing to keep pace.



87%

of managers (n=13) reported that inflation, cost indexation gaps or increases in other costs impacted their organisation in the last 12 months.

The 2023 ATDC Workforce Survey highlights the impact of under-funding



of managers reported **cutting staff hours**

60% of managers reported **delayed hiring**



60% of managers reported **making cuts in non-service delivery areas**



53% of managers reported **reducing positions**



47% of managers reported **making cuts in professional development budgets**



40% of managers reported **making cuts in other staff training costs**



Investment to meet demand

Current funding does not meet demand for AOD services in Tasmania.

Recurrent investment in Tasmanian government and community managed ATOD services was an estimated \$52.2 million in 2021–2022. However, service demand continues to far outstrip funding, with the cost of meeting demand for treatment for the same period estimated \$60.2 million,² leaving a significant funding gap.

In 2022 it was estimated that 35,000 Tasmanians were likely to "experience a substance use disorder in a 12-month period" and twice that number need screening and brief interventions.³ This is consistent with national estimates that between 53 and 73 per cent of demand may be remaining unmet.⁴

At a time when demand continues to increase, community managed ATOD services are increasingly lacking the funding required to meet community needs*.

“
If our ATOD service is not better funded – and we have communicated the details of this to the Minister...our ATOD service may need to close in 2024/25 financial year

– CEO, community managed ATOD organisation

Through consultation with ATDC members, lack of funding has led some members to question the viability of providing AOD treatment. Some Boards have questioned the financial demands on the organisation to enable the provision of these vital services.

For Tasmanians outside the main cities, the challenges are exacerbated. Regional and rural service providers report poorer access to general practitioners and mental health practitioners. Consequently, community managed organisations are often heavily relied upon. Meanwhile, demand for rural and regional services continues to increase and present further pressure on current service delivery levels and budgets.

ATOD services are having to reduce and are forecast a likely further reduction in outreach to remote parts of the state.

Members also report an increase in client complexity since the Covid-19 period. Services report requiring more diverse skillsets in their staff, due to more people engaging treatment with significant cooccurring mental illness, financial difficulties, underemployment and unemployment, homelessness, family violence, and clients presenting with multiple and complex traumas.

For residential rehabilitation providers, an agreed cost-benchmarking model will go a long way to ensuring the community managed AOD sector's ability to meet current and future service demands and client complexity. The current base funding model falls well short of the cost of service delivery, and this is becoming untenable for many community managed organisations. The ATDC calls for a appropriately benchmarked 'bed rate' for residential rehabilitation services.

The ATDC is calling for an appropriately benchmarked 'bed rate' for residential rehabilitation services

2 360edge (2023). Investment in the alcohol and other drugs sector in Tasmania. Final report.

3 ibid.

4 Ritter et al., (2019). Measuring Unmet Demand for Alcohol and Other Drug Treatment: The Application of an Australian Population-Based Planning Model.

*excluding organisations funded to support tobacco control activities

The return on investment in treatment and support

It is estimated three quarters of government funding for the spending domains of harm reduction, prevention, treatment, and law enforcement occur at the state and territory level. Of this, approximately 69% of funding is directed toward law enforcement, 22% on drug and alcohol treatment, 7% on prevention and only 2% on harm reduction services.⁵

Considering the broader funding paradigm, prioritising the policing of people who use drugs rather than taking a health-based approach and focusing funds on treatment, prevention and harm-reduction activities may be a key factor in the underfunding of ATOD services in Tasmania.

For every dollar spent on treatment, the community saves up to \$7.40, and for every dollar spent on harm reduction, the community saves up to \$27.50.⁶ It is widely accepted that a sustainably resourced and supported community managed ATOD sector plays an essential role to reduce much of the social and economic impacts of ATOD use. ATDC members report that clients engaged in treatment have less ambulance usage and police interactions and fewer trips to the emergency departments of hospitals.

Timely and evidence-based treatment support for Tasmanians "is of paramount importance in order to reduce the far-reaching and costly impacts of AOD issues on the individual affected, the people who support them, and society more generally".⁷

“
To meet treatment demand, investment in withdrawal needs to increase by 50%, investment in non-residential and residential rehabilitation needs to increase by 20 - 30%, and significantly more investment is required in pharmacotherapy.
”

- 360 Edge

The ATDC calls for an immediate increase in investment in the community managed alcohol, tobacco and other drugs sector, coupled with a long-term investment plan.

5 Ritter et al., (2024). The Australian 'drug budget': government drug policy expenditure 2021/2022. UNSW.

6 Rethink Addiction and KPMG (2022). Understanding the cost of addiction in Australia 2022.

7 SAX Institute (2020). Drug and alcohol psychosocial interventions: an evidence check rapid review.

Peer workers are fundamental

Many Tasmanian community managed AOD organisations have successfully integrated peer workers with lived experience into their teams. However, funding for this approach is insufficient and exemplifies broader sustainability issues within the sector.

44%

of the 13 organisations surveyed have **lived experience participation embedded in systems and processes**

Through the 2022-23 State Budget, the Tasmanian Government committed to providing funding across two years (2022-23 and 2023-24) for the Alcohol and other Drug Peer Workforce Grants Program (the Grants Program). Two rounds of \$300,000 was provided annually to be distributed across Tasmanian ATOD community managed organisations as part of a two-year pilot program.

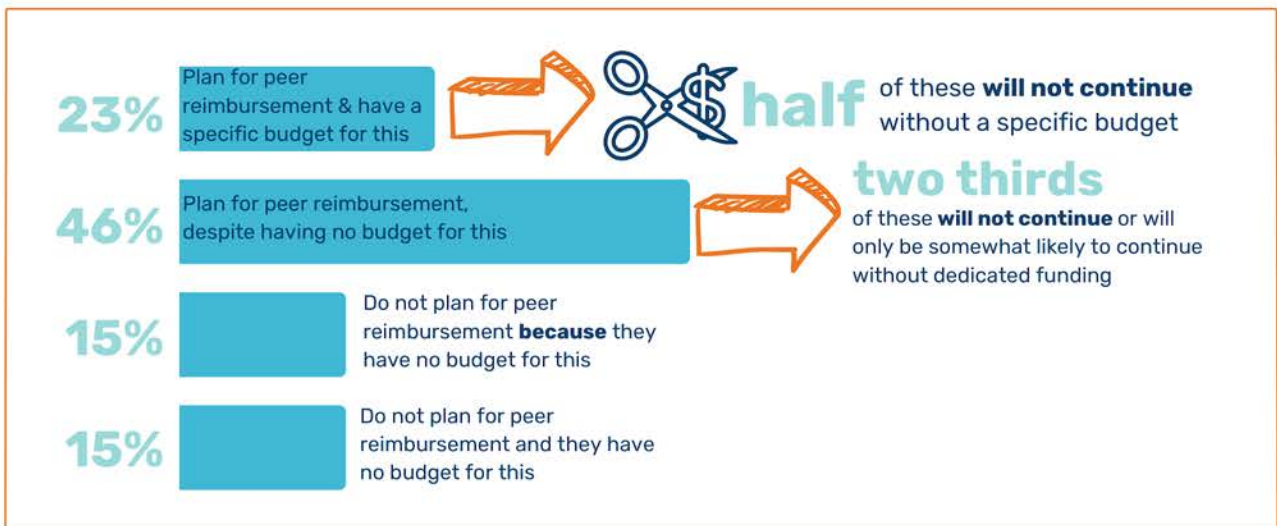
Whilst the pilot demonstrated the value and potential contribution of peer workers in Tasmania, members who received the grant funding reported low confidence in the long term future of this activity. Delays in the release of grant funds has seen organisations redirecting limited reserve funds or 'top ups' from other stretched budgets to bridge funding gaps. Delays in providing information about the continuation of the grant funding have only exacerbated this issue.

The initial two-year grants provided under the Alcohol and other Drug Peer Workforce Grants Program by the Tasmanian government fell short of funding the 'real cost' of employing peer workers ongoing.

Looking forward, an increase in the funding and longer contracts are paramount to mitigate the risk of losing the significant investment made by community managed ATOD services to date.

“
 Clients exiting our program consistently say how meaningful their conversations were with the peer workers. Peer workers are now essential in supporting difficult and challenging conversations.
 —Manager, Salvation Army Bridge Program
 ”

This situation highlights the common flaws in some current grant arrangements and their impact on organisations and the workforce. While Tasmanian government services and the mental health sector engage peer workers on a larger scale, the ATOD community sector faces uncertainty about the continuation of funding. This is despite peer workers being a key deliverable in Reform Agenda for the Alcohol and other Drugs Sector in Tasmania and an activity aligned with the Tasmanian Drug Strategy 2024-2029.



The future?

The Tasmanian ATOD sector is in the middle of a critical funding crisis that has already resulted in reduced services and staffing levels, particularly affecting those seeking support for alcohol and other drug issues.

To address these challenges in part, there is an urgent need for a shift to longer-term funding contracts that are renewed six months before funding is due to expire. Enacting this change alone will make a substantial impact and will not involve additional costs to the Government.

Indexation however will require an uplift in funding if it is to match inflationary pressures. Without it, services will continue to shrink.

The determination of a bed cost to support the funding of residential rehabilitation service provision is urgently needed so to support this part of our sector.

Related to the above, a robust, evidence based commissioning framework, is essential to provide high-quality treatment, harm-reduction services, and prevention programs. Such a framework would not only deploy resources where they are needed but also factor in the real costs of service provision

Finally, documented unmet demand for service coupled with evidence of a sensible return on investment inherent in the provision of treatment and support, means that there is a reasonable case to increase investment. Tasmanians expect to be able to access ATOD services. Such investment not only benefits individuals but also generates significant savings for the community by reducing the broader social and economic impacts of ATOD use.

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Addressing complex drug and alcohol issues for individuals and communities requires long term interventions. Whilst innovative programs have value, consistent and stable funding to evidence based and established programs is essential.

AADC Pre-Budget Submission, 2024

References for Cost Increases from July 2020 to July 2024 figure

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