



\$1.2 billion additional funding to the alcohol and drug treatment sector	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would improve access to alcohol and drug treatment services by providing funding to resource the alcohol and other drug treatment sector, focusing on evidence-based treatment, data sharing, and coordinated service planning.</p> <p>The proposal would start on 1 July 2026 and would be ongoing.</p>	
<p>Additional information (based on further advice provided):</p> <p>The proposal would be comprised of 3 components:</p> <ul style="list-style-type: none"><li>• <b>Component 1:</b> Establish an independent national Alcohol and Other Drugs Executive Agency to ensure better coordination in the sector and advice on system reform, improve accountability of all levels of government and oversee service improvement strategies. This would be the same size as the Food Standards Australia New Zealand Agency which exists in the Health and Aged Care portfolio.</li><li>• <b>Component 2:</b> Indexation of all current funding of existing grants and contracts for services in the Alcohol and other Drugs (AOD) sector by the Wage Price Index (WPI) (where the contracts do not already attract indexation).</li><li>• <b>Component 3:</b> Investment of \$1 billion over 4 years into the AOD sector (non-ongoing, evenly distributed over 4 years and with departmental costs met from within the capped amount), including to develop the specialist alcohol and other drugs treatment workforce and peer workforce, particularly in First Nations communities.</li></ul>	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$831.8 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects increases in administered and departmental expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The Parliamentary Budget Office (PBO) has made no assessment as to whether the funding provided would be sufficient to meet the objectives of the proposal. In particular, the PBO has not assessed the scope of activities of the new Alcohol and Other Drugs Executive Agency in calculating the costs of sustaining it, given the cost of the agency is based on Food Standards Australia New Zealand as specified.

**Table 1: \$1.2 billion additional funding to the alcohol and drug treatment sector – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	<b>Total to 2028-29</b>
Fiscal balance	-	-281.6	-275.1	-275.1	<b>-831.8</b>
Underlying cash balance	-	-281.6	-275.1	-275.1	<b>-831.8</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Key assumptions and methodology

### Component 1

The funding required to establish and sustain the new Alcohol and Other Drugs Executive Agency was estimated based on the estimated cash use of Food Standards Australia and New Zealand in 2026-27, as published in the entity's cash flow statement in the 2025-26 Department of Health and Aged Care Portfolio Budget Statements.

Provision was made for establishment costs of the new agency.

Costs were escalated over the medium term in line with the relevant cost indices.

### Component 2

The Department of Health and Aged Care provided data on funding and indexation arrangements for government contracts in the AOD sector. Of the 171 existing grant contracts and contracts for services in the sector, 15 are not currently indexed and extend beyond the policy start date.

The PBO has assumed that the funding for all grants and contracts would be evenly distributed over the duration of each arrangement, and indexation would apply at the beginning of each financial year from the start date of the policy.

Indexation by WPI was applied to escalate the 2026-27, 2027-28 and 2028-29 funding allocations for these contracts as specified.

### Component 3

Component 3 of the proposal is capped at a fixed amount, evenly distributed over 4 years from the commencement date. Departmental expenses were estimated based on the cost of administering similar programs and are included within the capped funding amount. Administered expenses are as specified in the proposal, less expected departmental expenses. We assume that no funds allocated to a given year are left unspent.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

## Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

The Department of Health and Aged Care provided data on the funding and indexation arrangements of Australian Government contracts in the AOD sector as at 16 May 2025.

Department of Health and Aged Care (2025), [\*Budget 2025-26: Health and Aged Care Portfolio Budget Statements\*](#), accessed 14 May 2025.

Food Standards Australia New Zealand (2023), [\*Annual Report 2022-23\*](#), accessed 14 May 2025.

## Attachment A – \$1.2 billion additional funding to the alcohol and drug treatment sector – Financial implications

**Table A1: \$1.2 billion additional funding to the alcohol and drug treatment sector – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Expenses</b>													
<b>Administered</b>													
<i>Component 2 - Payments to contractors</i>	-	-2.4	-0.3	..	-	-	-	-	-	-	-	-2.7	-2.7
<i>Component 3 - Capped \$1 billion investment</i>	-	-238.0	-244.0	-244.0	-244.0	-	-	-	-	-	-	-726.0	-970.0
<b>Total – administered</b>	-	-240.4	-244.3	-244.0	-244.0	-	-	-	-	-	-	-728.7	-972.7
<b>Departmental</b>													
<i>Component 1 - Alcohol and Other Drugs Executive Agency</i>	-	-28.7	-24.5	-24.8	-25.1	-25.4	-25.7	-26.0	-26.4	-26.7	-27.0	-78.0	-260.3
<i>Component 3 - Department of Health and Aged Care</i>	-	-12.5	-6.3	-6.3	-6.3	-	-	-	-	-	-	-25.1	-31.4
<b>Total – departmental</b>	-	-41.2	-30.8	-31.1	-31.4	-25.4	-25.7	-26.0	-26.4	-26.7	-27.0	-103.1	-291.7
<b>Total (excluding PDI)</b>	-	-281.6	-275.1	-275.1	-275.4	-25.4	-25.7	-26.0	-26.4	-26.7	-27.0	-831.8	-1,264.4

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

- Indicates nil.

**Table A2: \$1.2 billion additional funding to the alcohol and drug treatment sector – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	-	-6.2	-18.8	-31.8	-45.4	-54.1	-57.7	-61.5	-65.4	-69.6	-74.0	<b>-56.8</b>	<b>-484.5</b>
<b><i>Underlying cash balance</i></b>	-	-4.7	-15.7	-28.6	-42.0	-52.0	-56.8	-60.5	-64.4	-68.6	-72.9	<b>-49.0</b>	<b>-466.2</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)