

# **Drug and Alcohol Program (DAP): Consultation briefing on data inputs to a needs-based funding model**

Stage 2  
March 2026

**Context:** The DAP evaluation recommended updating the funding model to better consider different needs and reflect the costs of service delivery in different contexts



### Evaluation of the Drug and Alcohol Program

The recent evaluation of the DAP<sup>1</sup> found sector-wide acknowledgment that the current funding model is **not designed to target the limited amount of funding towards supporting the ongoing sustainability of service providers and effectiveness of funding to improve outcomes for people and communities.**

The evaluation recommended the department work with the sector to consider:

- strengthening the link between funding and **need for services**
- recognising the **cost of service delivery** in different communities.



### Development of a needs-based funding model

- The department is considering how a funding model could **reflect differences in community need and service delivery costs** across the proposed pillars of the DAP care continuum.
- It is possible that a funding model could be applied differently to different streams of funding – for example, PHNs, prevention and treatment.
- It is likely that any revised funding model would **be used as a guide** to support a **gradual** shift over time towards funding arrangements that are more closely aligned with different needs and service delivery costs.



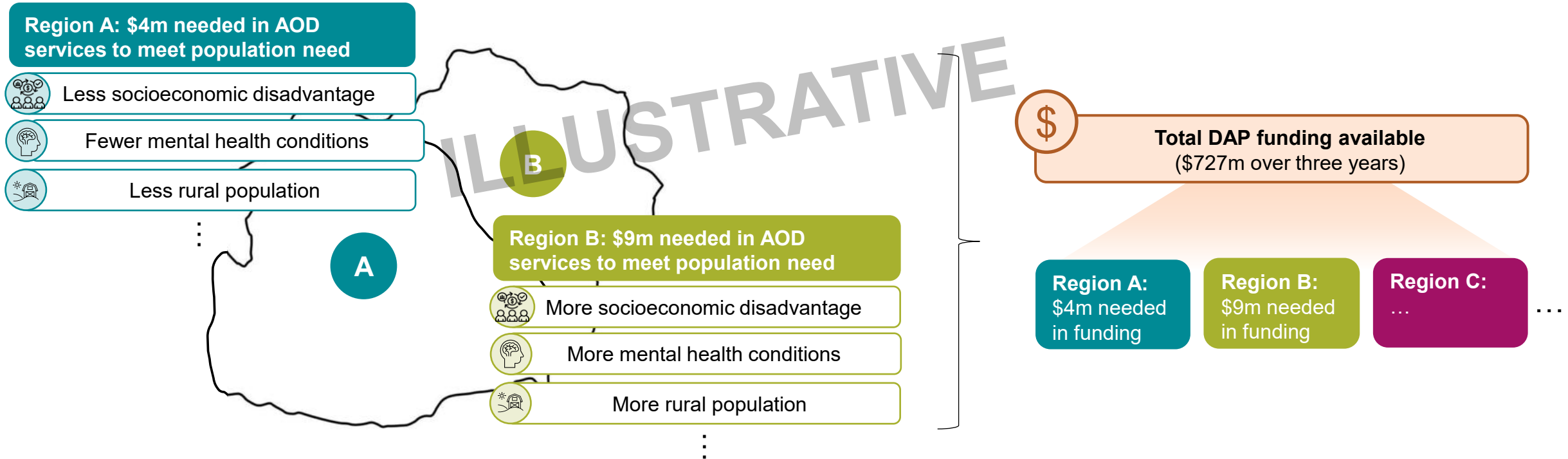
### Consultation

- **Feedback through this consultation is the first step** in engaging with the sector on early stages of developing a more needs-based funding model.
- The department will **continue to work with stakeholders** on the design and implementation of any changes to the way DAP funding is allocated.
- **Decisions on how the model will be applied will be made once it has been finalised and tested.**

# Overview: A needs-based funding model is under development to support planning and funding of DAP-funded alcohol and other drug (AOD) services






Distribution of available funding would be informed by a needs-based funding model along with important additional considerations such as local service capacity availability and workforce capacity.

Illustrative population differences across two regions, with different need for AOD services



# Pillars: A needs-based funding model can estimate funding for AOD services under each pillar of the draft DAP program logic

The needed funding for each region is planned to align to the pillars of the draft DAP program logic, **reflecting differences in community need and service delivery costs** across the care continuum.

	Draft DAP program logic pillar	Estimated number of people needing AOD services	Estimated funding required to service need
	 <b>Prevention:</b> Focused on preventing initiation and risky use of AOD through evidence-based, whole-of-population health promotion and community-led prevention initiatives	<i>Proposed to be estimated at a national level, rather than for individual regions</i>	
	 <b>Early intervention:</b> Targeted intervention programs for at-risk groups aimed to intervene or delay uptake of AOD use	20k	\$1.5m
	 <b>Treatment, recovery and management:</b> Services that respond to AOD harm to stabilise health, address co-occurring needs and support sustained recovery and reintegration	7k	\$2.5m
	 <b>System enablers:</b> Workforce, evidence base, data systems and partnerships needed to deliver consistent, coordinated and culturally safe AOD prevention and support across the service system	<i>Not proposed to be included – funding to be determined by existing mechanisms</i>	
<b>Estimated total needed funding for region A:</b>			<b>\$4m</b>

**Note:** Sector feedback from Phase 1 of this consultation process has not yet been incorporated to the above definitions.

# Priority populations: The approach aims to reflect that some groups experience more AOD harms and/or barriers to accessing services

Table: Priority populations being considered in the needs-based model, to reflect relative risk of AOD harms or barriers to accessing services

Category	Priority population	Key evidence of increased risk of AOD harms or barriers to accessing services	Identified in the National Drug Strategy (2017-2026)
Individual characteristics	First Nations peoples	First Nations peoples generally report more AOD use, with <b>33% risky alcohol consumption (vs 31% non-Indigenous people)</b> and <b>28% recent illicit drug use (vs 18%)</b> (NDSHS 2022-23)	Yes
	Culturally and linguistically diverse (CALD) populations	CALD populations generally report less AOD use, with <b>12% risky alcohol consumption</b> for people born overseas from a non-main English-speaking country ( <b>vs 35% Australian born</b> ) and <b>7.7% recent illicit drug use (vs 20%)</b> , but may face barriers such as language and communication, or reduced awareness and education of services (NDSHS 2022-23)	Yes
	People identifying as LGBTI+	LGBTI+ populations generally report more AOD use, with <b>40% reporting risky alcohol consumption (vs 31% heterosexual)</b> and <b>47% reporting recent illicit drug use (vs 16%)</b> (NDSHS 2022-23)	Yes
	People with mental health conditions	People with mental health conditions generally report more AOD use, with <b>37% risky alcohol consumption (vs 32% no mental health conditions)</b> and <b>29% illicit drug use (vs 16%)</b> (NDSHS 2022-23)	Yes
	Young people	People aged 18–24 had the highest rates of substance use of any age group, with <b>over 2 in 5 drinking at risky levels and 1 in 3 using illicit drugs in the past 12 months</b> (NDSHS 2022-23)	Yes
	Older people	Risky drinking is higher among people in their <b>50s (32%) and 60s (33%)</b> , and the proportion of illicit drug users aged <b>50+ has more than doubled since 2001</b> (NDSHS 2022-23)	Yes
Socio-economic status	People residing in low socio-economic areas	Alcohol-induced deaths are more common in disadvantaged areas ( <b>10.3 per 100k population vs 2.4 in the most advantaged areas</b> ). These areas also accounted for <b>23% of drug-related hospitalisations in 2022–23 (vs 18–19%)</b> (Causes of Death 2025)	No
	People in contact with the criminal justice system	People in contact with the criminal justice system generally report more AOD use, with <b>44% risky alcohol consumption (vs 31% nationally)</b> and <b>73% illicit drug use (vs 18%)</b> (NDSHS 2022-23)	Yes
Remoteness	People residing in regional or rural areas	People residing in regional or rural areas generally report more AOD use, with <b>40% risky alcohol consumption (vs 29% in major cities)</b> and <b>21% illicit drug use (vs 18%)</b> (NDSHS 2022-23)	No

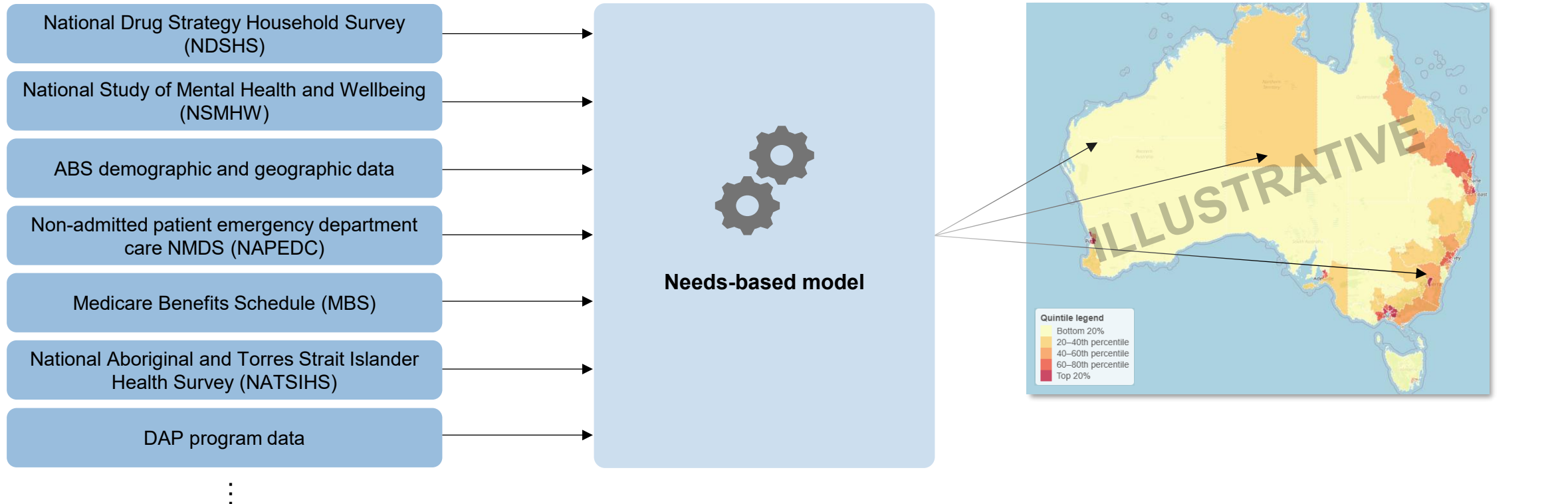
All priority populations are being explored for inclusion in the model where data allows, so the model can reflect differences in community need.

# Funding model: A model can draw upon a range of national datasets and research to estimate need and support DAP planning and funding

A **broad range of data inputs** including health surveys, administrative datasets, and ABS demographic data will be analysed...

...to **understand the different needs of communities** and the cost of delivering services...

... and **inform the planning for and distribution of funding** for DAP services by the department



**Note:** Outputs from the needs-based model are intended to inform the Departments planning and funding processes, but are *not* intended to predict regions' individual service use.