



Australian Government

Department of Health, Disability and Ageing

Key Information and Questions & Answers

Drug and Alcohol Program Consultations



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Key Information

Background

In 2025, the Department of Health, Disability and Ageing (the department) commissioned an independent external evaluation of the Drug and Alcohol Program (DAP) that focused on the service delivery elements. The [Drug and Alcohol Program Final Evaluation Report](#) is available on the department's website.

Following the evaluation, through the 2025–26 MYEFO, the Australian Government agreed to consolidate the DAP's terminating and ongoing funding into a single ongoing program. From 2026–27, \$727 million will be invested over three years, followed by \$244.2 million annually from 2029–30 onwards.

The government also agreed to extend all current DAP grants due to end in June 2026 for one year. This transitional measure provides certain and stability to the AOD sector while the department consults with it on changes to the DAP for the next round of three-year grant agreements which will commence on 1 July 2027.

The redesign will not change the fundamental objectives or service types under the DAP but does include updating the program logic, key performance indicators (KPIs), and developing a needs-based funding model (consultation on the data inputs for this will occur as part of Stage 2).

Consultation Process

Timing

Consultation will occur between February 2026 – April 2026 in multiple stages.

Stage 1 (20/02/2026 – 13/03/2026)

- Feedback is being sought via a survey on the department's [Consultation Hub](#) on the draft program logic and draft KPIs.

Stage 2 (indicative dates: 16/03/2026 – 13/04/2026)

- The department will provide a summary of feedback received during Stage 1 and how it's been addressed.
- The department will host a live webinar with a question and answer function. The webinar will be recorded and published on the department's [Consultation Hub](#).
- A further feedback survey will seek stakeholder views on the revised program logic and KPIs.
- The department will provide the data inputs that are proposed to inform the needs-based funding model and seek stakeholder feedback through a survey.

Stage 3 (indicative dates: after 13/04/2026)

- The department will publish a final webinar, sharing overall themes of feedback and comments and how these were addressed.

Scope

The department is seeking stakeholder comments and feedback on the:

- draft program logic and draft set of KPIs
- data inputs into the needs-based funding model (in Stage 2 only)
- issues which the sector considers the department must be aware of when redesigning the DAP.

The department will not be seeking feedback on:

- which grants will be subject of competitive processes - the department will determine this as part of the grant design process
- the development of Grant Opportunity Guidelines for DAP funding
- the development and design of the needs-based funding model (noting feedback on the data inputs for the model will be sought during Stage 2 of the consultation process).

Feedback

Anyone can participate in the consultations through the department's [Consultation Hub](#). The department will consider all the feedback received through the first two stages of the consultation process. High level, de-identified, consolidated feedback will be provided during stages 2 and 3 of the consultation process.

The department will use the feedback to finalise the DAP program logic, KPIs and data inputs for the funding models which will inform the development of the new DAP grant opportunities. In Stage 3 of the consultation, the department will confirm how it has actioned the feedback received during the consultation process.

Targeted consultations

As part of the consultation process, the department will be undertaking targeted consultations with particular stakeholder groups. The table below notes who the department will separately consult with in Stage 1 and why. Additional stakeholders for targeted consultation will be added to the table below if they are identified.

The department will only consult with these stakeholders on the publicly available consultation materials. The department will aggregate the outputs of these targeted stakeholder consultations with all other feedback received during the consultation, which will be shared thematically in Stage 2 and Stage 3.

Stakeholder	Rationale
Australian National Advisory Council on Alcohol and Other Drugs (ANACAD)	ANACAD is the principal AOD expert advisory body to the Australian Government comprised of a breadth of experience across First Nations, Lived/Living experience, mental health, service provision, research and general practice.
State and territory peaks funded through the DAP sector support/workforce and the Australian Alcohol and Other Drugs Council (Peaks).	The Peaks represent services across the objectives in the draft program logic. Many DAP-funded services are members of these Peaks, ensuring their input reflects DAP-funded service experience as well as broader system-wide funding and coordination considerations.

Stakeholder	Rationale
Fetal Alcohol Spectrum Disorder Advisory Group (FASD AG)	The FASD AG monitors the implementation of the FASD Strategic Action Plan. Investment in FASD at the National level is broadly guided by the four priorities under the Strategic Action Plan and as such, the FASD AG is well placed to provide feedback specific to FASD.
Primary Health Networks (PHNs)	PHNs are funded by the Australian Government to assess local health needs and commission services to address gaps across the objectives in the draft program logic. PHNs place-based commissioning role give PHNs practical insight into service capacity, coordination and how different parts of the care continuum operate together at the local level.

Questions and Answers

Updated: 10 April 2026

Will all the new grant opportunities be competitive?

No, but most will. The department will make the decision about which opportunities will be competitive or not as part of the grant design processes. This will be communicated publicly upon the release of the Grant Opportunity Guidelines.

In line with the [Commonwealth Grants Rules and Principles 2024](#), the department will consider value for money, policy outcomes, and proportionality principles.

Why are competitive grants processes being introduced?

The [Commonwealth Grants Rules and Principles 2024](#) note a preference for competitive, merit-based selection processes. The key benefits include:

- an opportunity for providers to reassess their budgets, noting increasingly complex client needs and service delivery costs
- a fair, and transparent process, which prioritises funding proposals which best demonstrate impact, value for money, and alignment with program objectives
- encouraging sector-led, innovative, and efficient proposals which are responsive to emerging needs
- broadening the field of ideas and delivery models. Competition encourages applicants to develop high-quality, evidence-based submissions and can stimulate the establishment of partnerships and collaborations that may not otherwise exist.

The competitive processes will introduce new data collection requirements to support better consideration of the DAP's value for money and impact. This data will support future funding decisions.

How will the new funding be categorised?

New funding under the DAP will be categorised by program objectives across the continuum of care, consistent with the draft program logic.

The following categories are intended to reflect the way grant opportunities are likely to be organised:

- Prevention
- Early intervention
- Treatment, recovery and management
- Fetal Alcohol Spectrum Disorder (FASD)
- Primary Health Networks (PHNs)

PHNs will be funded in their role as regional commissioners to commission services, based on local needs, that align with one or more program objectives across the continuum of care.

In addition, a dedicated 'system enablers' category will support the workforce, data, evidence and partnerships required to enable delivery across all objectives. Funding under system enablers will likely be structured through the following primary categories:

- Sector support/workforce
- Research
- International Engagement

Within these primary categories, there may be sub-categories including national or place- or state-based approaches where appropriate. The department is seeking to sensibly rationalise the number of streams and sub-streams. The final structure may change based on the consultation feedback.

When can I apply for funding?

Applications for competitive three-year grant agreements will open mid-2026. Non-competitive rounds may open later in the year. All activities will commence from 1 July 2027.

Details about how to apply for funding will be made available on [GrantConnect](#).

When will funding outcomes be finalised?

The department expects that applicants will be advised of the funding outcomes before March 2027.

What will happen to current DAP providers if they aren't successful?

Existing providers are not guaranteed funding beyond 30 June 2027.

In exceptional circumstances, the Government may consider transitional funding for unsuccessful providers, which would remain subject to government decision making and budgetary processes.

Will the new grants be indexed?

All DAP grants will be indexed in accordance with Whole of Government rates set by the Department of Finance.

Will the Drug and Alcohol Treatment Services Measure (DATSM) and the Community Sector Organisation (CSO) supplementary funding be included in the new grants?

Yes, both will be incorporated into ongoing grant funding allocations.

Will new grant recipients be required to report against all the new KPIs?

No. Noting that the KPIs are draft and subject to this consultation process, the department expects that organisations funded through the new process will be required to report, at a minimum, against the core KPIs associated with the objectives under the program logic that are most applicable to their service.

Where the activity or activities span multiple objectives (currently drafted as prevention; early intervention; treatment, recovery and management; and system enablers), any additional KPIs will be agreed as part of the grant negotiation process including service-specific KPIs where relevant.

How does this grant redesign process align with the National Drug Strategy?

The draft program logic is strongly aligned with the National Drug Strategy (NDS) 2017-2026, sharing core principles of evidence-informed responses, cross-system partnerships (government, sector, individuals), and harm minimisation through coordinated and consistent support.

The department notes the NDS will expire at the end of this year. Any new NDS, or similar national framework, is a matter for agreement by all Australian governments

Questions received after 20 February 2026

How are FASD, family/carer related, youth and post-custodial transition activities intended to be considered within the draft program logic and KPIs?

The draft program logic and draft KPIs recognise that AOD activities, including those for FASD and family/carers, may cut across the care continuum under the pillars of Prevention; Early Intervention; Treatment, Recovery and Management; and System Enablers. FASD and family/carer activities may not sit neatly under one pillar such as “prevention” or “system enabler” as they span multiple areas. An example of how FASD activities may span the pillars can be found on page 14 of the [updated draft program logic and draft KPIs document](#).

The categories identified on page 7 of this document were intended to reflect the way grant opportunities are likely to be organised. The words above have been updated to help clarify this. FASD is included as a separate category to ensure visibility and in recognition that activities are likely to span multiple pillars.

Page 15 of the draft program logic and draft KPIs document notes that organisations funded through the new process will be required to report against the KPIs that best align with the

activity/activities being delivered and where activities span pillars, the KPIs will be agreed as part of the grant negotiation process.

How will the framework recognise non-linear recovery pathways, including periods of disengagement and re-engagement with services?

The draft framework recognises that AOD support sits across a continuum of care, and that people may move in and out of contact with services over time. The draft KPIs have therefore been designed to capture 'points of entry' and patterns of engagement (particularly in early intervention), rather than assuming a linear pathway through services.

How will the DAP grants tackle regional service gaps, including limited local treatment and outreach needs, while ensuring small specialist organisations, peer-led and community-controlled organisations can compete fairly?

The department recognises that regional and remote service delivery can involve additional complexity and cost (including workforce availability, travel, outreach, partnership models and service adaptations). Future grant opportunities are intended to be open to a range of delivery approaches that respond to local contexts, and assessment processes will be designed to apply proportionality so that proposals from small specialist organisations, peer-led and community-controlled organisations are not disadvantaged by scale, geography, or governance model. Information about assessment criteria and processes will be provided in line with the requirements of the Commonwealth Grants Rules and Principles to ensure clarity and transparency for applicants.

Will the DAP reform consider or include measures for holistic care?

Yes, the department has updated the [draft program logic and draft KPIs document](#) to reflect a more person-centred approach and recognise that AOD use and recovery are shaped by broader factors such as housing stability, financial security, trauma, mental health, community connection and involvement with the justice system.

Feedback from the [Stage 1 consultation](#) indicated concerns about reporting burden and data capability. Service providers will not be required to report on these broader holistic measures and instead the department will collect this information through other sources. This is an area the department will build towards over time. The Grant Opportunity Guidelines will also set out eligible expenditure, noting that social supports can be an important part of effective AOD responses where they are clearly defined as contributing to AOD prevention, early intervention, treatment, recovery and/or management.

Why are the reforms happening so quickly, with new agreements to commence 1 July 2027? Has the department considered other options (for example, extending current

DAP grants to 30 June 2028 to allow more time for consultation and transition planning)?

Comprehensive advice supported the Australian Government's MYEFO decision. The 1-year extension of current grants (to 30 June 2027) provides certainty for current providers through the consultation process and allows time for the grant process to be finalised in time for new 3-year grant agreements to commence from 1 July 2027.

Stakeholders have queried whether greater or longer-term funding arrangements will be considered. Any decisions regarding future funding are subject to Government decision and will be informed by evidence of sustained positive outcomes from the funded grant programs over time.

What happens to other Australian Government and/or state/territory government funding components if withdrawal of DAP funding makes the overall organisation/service financially unviable to continue?

Responsibility for AOD services is shared across governments, with state and territory governments holding primary responsibility for service delivery alongside Australian Government investment. As noted earlier, current DAP funding agreements have been extended for a transitional period to 30 June 2027, to provide sector stability while reforms are progressed. Beyond 30 June 2027, organisations are not guaranteed ongoing DAP funding, and decisions about other Commonwealth or state and territory funding sit with the relevant funding bodies. For transition funding considerations, refer to *'What will happen to current DAP providers if they aren't successful?'*

The department recognises it does not have full visibility of an organisation's overall reliance on DAP funding across other funding sources. The department is exploring ways for organisations to better highlight this context in future grants application processes. The department also maintains lines of communication with state and territory governments to manage system-level impacts during funding transitions. Not all future DAP grant opportunities will be competitive. More details on which grants will be classified as competitive or non-competitive will follow the consultation period, in accordance with the grants design process.

Has consideration been given to mapping current investment in services across Australian Government and state/territory governments to understand the broader impact of any potential reallocation of DAP funding?

Mapping funding requires a commitment from all funders (including state and territory governments) to share funding details.

The department will continue to work closely with state and territory governments to manage system level impacts during funding transitions.

How will performance measures distinguish service contribution from system-level outcomes?

Feedback from Stage 1 indicated some confusion about which performance measures would be reported by service providers, and which would be populated by the department using other data sources. Page 7 of the updated [draft program logic and draft KPIs document](#) gives clearer guidance on these distinctions in the document.

Many of the outcomes designated for departmental population are system-level in nature, designed to demonstrate the DAP's impact within the broader service system rather than capturing outcomes attributable to individual service providers. Measures within the system enablers stream are more tightly aligned to the different types of funded activities across the DAP, such as research, workforce support or international engagement.

Stage 1 feedback also cautioned against over-attributing population-level outcomes to DAP-funded services alone. The department recognises this issue however, notes that risky AOD use rarely occurs in isolation of broader social, cultural and economic factors and that the AOD system reflects this in its interdependent nature.

This work represents an initial (not perfect) step in strengthening performance measurement, and the department expects to continue refining its approach as data capability and evidence matures over time.

What are the priority groups considered under the DAP program logic?

For the purposes of the DAP, priority groups will be those identified in national AOD strategies and policies e.g. [National Drug Strategy 2017-2026](#).

The department recognises that priority groups are dynamic and should remain flexible, adapting to evolving strengths and needs within communities. There is an appreciation for the diversity of experiences, acknowledging that what is identified at the national level may differ from priorities and needs set in local, community-based contexts.

What actions are being taken to mitigate foreseeable risks from the current timelines (including impacts on residential treatment and other services that rely on funding certainty)?

The department recognises the challenges the current timeline can pose and is seeking to provide certainty to support service planning as early as possible. The department will mitigate risks through timely communication with the AOD sector and ensuring that upcoming grants processes, comprising of both non-competitive and competitive grant opportunities, are conducted as efficiently and transparently as possible.

What are the implications of the DAP reform process for services commissioned through PHNs?

The future 3-year PHN grant schedules will be non-competitive, application-based grant agreements. PHNs will continue commissioning services based on local needs, and the

department will consult with PHNs on how their funding arrangements will operate under the reformed DAP.

What work is the Australian Government undertaking with state and territory governments to align approaches in implementing the Evaluation of the DAP Report?

This is the department's first step following the 2025 evaluation of the DAP. Any future responses to the evaluation will need to be considered in the context of other national policy work which could include the work of the Parliamentary inquiry into the health impacts of AOD.

Will there be a national AOD Governance framework to oversee the DAP?

For the purposes of the DAP alone, a national AOD governance framework is not being considered.

The recently agreed National Alcohol and Other Drug Strategy Working Group, could serve as an effective mechanism for tackling broader systemic issues of cross jurisdictional relevance.

How will the integration of technology-enabled, linked data and digital service delivery be addressed including phasing, implementation, and funding?

The program logic is intended to describe what the DAP is trying to achieve, without prescribing specific delivery models. This is designed to accommodate diverse and emerging approaches (including digital, virtual, linked data and technology-assisted models) where they support prevention, early intervention, treatment, recovery and/or system enablers outcomes.

What standard definitions, datasets, tools, guidance, and support (including data governance and reporting alignment) will be provided to enable consistent KPI reporting and outcomes measurement?

The department has noted confusion about reporting responsibilities and has clarified that not all indicators are provider-reported in page 7 of the [updated program logic and KPIs document](#). Indicators not marked as provider-submitted will be populated by the department using other data sources. Where the consultation documents specify 'no data source,' the department will engage both internal and external stakeholders to develop this information, acknowledging that this may take some time.

Provider reporting will concentrate on core KPIs directly related to the objectives which most align to the funded activity, rather than every KPI outlined in the framework. The future Grant Opportunity Guidelines will offer further details and guidance on reporting.

How were the KPIs developed?

Draft outputs, outcomes and KPIs were primarily sourced from existing sources where available, including the DAP evaluation and New South Wales non-government AOD KPI pilot. More information can be found on page 4 of the [draft program logic and KPIs document](#).

How will PHN-commissioned services be notified about the 1-year grant extensions for 2026-27?

Note: This advice does not impose any legal obligations unless, and until, the Funding Agreement is signed by the Commonwealth. A formal offer by the Commonwealth is subject to successful negotiations of the Funding Agreement and no legal obligations shall arise unless and until a Funding Agreement is signed by the Commonwealth.

PHNs were formally advised of the MYEFO outcomes and agreement to extend all current DAP-funded schedules until 30 June 2027. Funding is expected to be broadly consistent with current arrangements, inclusive of indexation and any applicable supplementary funding measures, subject to final Government decisions and agreement variations.

While PHNs manage their own commissioning processes, it is expected that this information is communicated to service providers. Some PHNs have already confirmed these updates.

The department is progressing work on the deeds of variation for 2026-27 with the Community Grants Hub. If your organisation receives DAP funding via a PHN and has not yet been notified, please contact your PHN for confirmation in the first instance. PHNs facing barriers in notifying providers are encouraged to reach out to the department to workshop any practical challenges to doing so.

How will the department engage local communities in the DAP reforms?

Stages 1 and 2 of the public consultation are open to everyone, and the department encourages input from local communities, people with lived and living experience, service providers, and other stakeholders to provide feedback through the [Consultation Hub](#).

It is expected that future applicants of DAP grant opportunities will demonstrate knowledge of, and engagement with, local communities and/or the targeted clients their activities are designed to support (where appropriate).

How does the DAP program logic and KPI framework apply to PHNs, and how will alignment be ensured?

The department's intent is that the refreshed DAP program logic and core KPI set provide a consistent national basis for measuring outcomes and impact across the DAP, while recognising that PHNs operate as regional commissioners under the overarching PHN Program Logic.

In practice, this means PHNs will continue to plan and commission AOD activities to address regional needs, but performance expectations will be made clearer and more consistent by

aligning (where appropriate) DAP measures with the PHN commissioner role and the PHN [Program Performance Measurement and Reporting Framework \(PMRF\)](#).

The department intends to introduce a small set of core, outcomes-focused KPIs that support national consistency while remaining flexible enough to reflect regional context. Recognising PHNs as experts on their regions, the department will work with PHNs to map the DAP core KPIs to existing PHN performance and reporting requirements (including the PMRF). This approach is intended to support comparability, reduce duplication and improve the usefulness of reporting for evaluation and continuous improvement.

In redesigning the KPI approach, the department will incorporate learnings from existing PHN reporting, particularly the need for more standardised definitions, clearer data specifications, and a stronger link between what is collected and how it will be used for evaluation and decision-making.

How will commissioning of DAP activities be coordinated across PHNs, states/territories, and the department (including timing and burden on services)?

PHNs are the experts on their regions and are best placed to determine local commissioning approaches and timing that fit community need, service capacity and local partner calendars (including schools and tertiary settings). The department will continue to work closely with state and territory governments on relevant DAP activities.

The department will begin grants communications as early as possible to provide maximum notice.

What strategies will ensure that DAP settings stay flexible during the post-2026 National Drug Strategy transition?

The current program logic is aligned to the National Drug Strategy. For further detail, refer to '*How does this grant redesign process align with the National Drug Strategy?*' in the Q&A document.

The DAP will be reviewed at the conclusion of each 3-year cycle, allowing for more substantial refinements in response to new data and shifts in national policy priorities. The updated program logic and the Grant Opportunity Guidelines that flow from it are being designed to support sector innovation and emerging AOD responses over the next 3-year funding period. The 3-year grants aim to provide stability for service providers, as part of supporting robust data collection and activity planning throughout the grant period.

How will feedback from the consultation influence the final program logic, KPIs and funding design?

Public feedback from stages 1 and 2 of the consultation, along with targeted consultations, will be used to refine and finalise the program logic, KPIs, and data inputs for the needs-based funding model. The department plans to release the finalised DAP program logic and KPIs in Stage 3, alongside a pre-recorded video summarising the feedback gathered and highlighting resultant changes.

Will the department adopt a layered and phased method for implementing KPIs and how will it ensure that reporting requirements minimise burden for service providers?

The department is seeking feedback to inform a set of core KPIs for uniform implementation across the DAP from 1 July 2027. Feedback is now being sought on whether some KPIs should be implemented flexibly (for example, where service models differ greatly) or deferred/phased (for example, where data sources, definitions or sector readiness require further work) in Stage 2. The department will consider its approach based on the feedback it receives and will address this in the Grant Opportunity Guidelines.

How will grant opportunities and assessment processes support peer-led, mutual aid and other wraparound community-based service models?

The department recognises the value of peer-led, mutual aid and other community-based models, and is committed to ensuring they can be considered within future grant opportunities. In open competitive rounds, applications will be assessed on a case-by-case basis against the published criteria and the objectives of the relevant grant opportunity, with assessment intended to take account of different delivery models and evidence of impact.

Information about assessment criteria and processes will be provided in line with the requirements of the Commonwealth Grants Rules and Principles to ensure clarity and transparency for applicants.

Why isn't mental health a more central part of the program logic?

The current DAP reforms are focused on the program logic, outcomes and reporting settings for the DAP, rather than broader mental health policy settings. The department has noted the feedback and is mindful of the interdependent social determinants of health and wellbeing. There may be scope to consider further collaboration on mental health and AOD use through national AOD policy work.

How will the reporting and KPI framework capture qualitative impact as well as quantitative performance, to ensure outputs are interpreted in context and don't create incentives to avoid people with complex needs?

Consistent with standard Commonwealth grant arrangements, qualitative and narrative information that provides context to quantitative measures is expected to be captured through normal grant reporting processes (for example, performance reports). This enables services to explain participant journeys, local operating context and implementation issues alongside KPI data, supporting a more rounded understanding of performance and impact.

How will KPIs be used to support continuous improvement (e.g., performance management, improvement, evaluation etc) and will it be shared with organisations?

The department's approach is to start by agreeing a baseline, core set of KPIs that services can reasonably provide now, to establish a consistent national picture and support quality data collection. This first iteration, for the first 3-year grant round, is intended as a practical starting point, with definitions, guidance and requirements to be refined over time as data capability and quality mature.

Where possible, the approach will incorporate feedback received and consider options for broader data sharing.

How often will KPI reporting be collected?

The required reports and their due dates will be outlined in individual grant agreements. The Grant Opportunity Guidelines will detail the types of reports required.

How does the department define and expect services to demonstrate “return on investment,” given many funding recipients have limited capacity (expertise, funding, and resources) to measure this?

The department recognises sector concerns about competitive processes and the need for services to demonstrate value and impact. “Return on investment” will not be assessed as a simple comparison of who can deliver services for the lowest cost. Assessment will consider value for money in context, including client complexity, remoteness, low engagement cohorts, stigma and other factors that influence delivery effort and outcomes.

The department also recognises that establishing or adapting services (including new and innovative models) can mean benefits take longer to demonstrate. The DAP will be evaluated as a whole program, drawing on a mix of quantitative indicators and qualitative evidence to build a national picture of what is working and why, and to support strong, evidence-backed advice to Government on the ongoing value and impact of services on the ground.

Will the department require the use of the ABS Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables across DAP-funded services?

Government publicly funded alcohol and other drug treatment specialist services are required to report data in accordance with the Alcohol and Other Drug Treatment Services National Minimum Data Set (AODTS NMDS), following guidelines prescribed by the Australian Institute for Health and Welfare (AIHW). These requirements will be outlined in the relevant Grant Opportunity Guidelines. Providers are encouraged to review the [Guidelines for AODTS data submitters](#) for comprehensive information regarding data collection procedures. The [AODTS NMDS 2025-26 data collection manual](#) specifies adherence to the ABS Standard for recording sex, gender, variations of sex characteristics, and sexual orientation variables, 2020.

Has the Theory of Change been considered in developing the program logic?

Due to the broad scope of the DAP's program logic, it may not offer sufficient depth to fully demonstrate this theory across the diverse range of services and activities it supports. This approach, however, enables the department to establish clear and consistent indicators for all services, with the flexibility to revise them as required. It is known that the Theory of Change is already widely adopted across the AOD service and support sectors as a foundation for program delivery and ongoing improvement. The department supports the continued use or development of these models, in line with standard practice.