

September 2020

NSW Ministry of Health Business and Funding Model study

Members will have recently received communication from the NSW Ministry of Health about the Business and Funding Model (BAFM) study. NADA has been collaborating on the development of this study.

Why is the study important to NADA members?

The NSW non government AOD sector has been struggling to maintain its service delivery in an environment of what members have experienced as inadequate and reduced funding. This is as a result of inadequate CPI, no growth funding to meet client demand, and unit costs of service that do not reflect current service delivery. We have heard from members that it is increasingly difficult to maintain facilities and sustain a qualified workforce. We believe that the NSW government must urgently address the underfunding of AOD treatment and improve approaches to purchasing and contract management to ensure the sustainability of the sector.

Members may recall, NADA conducted a smaller cost of treatment study a number of years ago. Unfortunately, the sample size was too small to produce the results that we needed to demonstrate the true cost to deliver services. We have been advocating on behalf of members for the Ministry to conduct such a study. We hope that this independent study will provide an objective analysis into the actual costs of providing AOD treatment services, as well as improved models for the funding of NGO treatment through the Ministry and Local Health Districts.

How will this study help members and NADA into the future?

Without an objective and well-funded costing and business models study, we are not able to adequately argue for appropriate levels of government funding for members from a base of sound financial data. Moreover, we hope to be able to quantify the gap between what funding currently covers and what funding is required to cover the actual costs. We hope that this study will also provide guidance to NSW Health so they can improve the funding mechanisms and processes to provide a stable and efficient funding program for our sector. NADA hope to be able to use the results of this study to advocate on members' behalf for funding and grants management reform at both levels government levels, as we know many of you are jointly funded, or only receive funds from the Commonwealth.

Key messages that align with members' advocacy priorities

1. Investment in treatment: Many investigations have demonstrated that the level of funding provided for AOD treatment is well below the amount needed to provide *quality services that meet demand*.^{1,2}
2. Longer-term contracts: The NSW Health 'Partnerships for Health' response to the review of the NGO program recommended longer-term contracts. NADA argues that NSW Health should move to at least four-year contracts with its funded NGOs, in line with its four-year state budget. This would support business continuity and planning, and appropriate workforce contracting arrangements.³
3. Streamlined contract management: NADA and its members have argued for the standardisation of performance reporting and contract management requirements to reduce the administrative burden.⁴

For more information or to discuss any concerns about the BAFM study contact: Larry Pierce (larry@nada.org.au) or Robert Stirling (robert@nada.org.au).

¹ <https://www.dpc.nsw.gov.au/publications/special-commissions-of-inquiry/the-special-commission-of-inquiry-into-the-drug-ice/>

² Alison Ritter, et al, 2014, *New Horizons: The review of alcohol and other drug treatment services in Australia*, Drug Policy Modelling Program, National Drug and Alcohol Research Centre, UNSW.

³ <https://www.health.nsw.gov.au/business/partners/Publications/gmip-taskforce-report-response.pdf>

⁴ Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector, Research Report*. Canberra: Commonwealth of Australia