Evidence brief: The NSW non-government alcohol and other drug sector

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SUMMARY

- In 2021/2022 almost half of all alcohol and drug treatment in NSW was provided by the non-government sector.
- The non-government services provide NSW with a rich tapestry of community-led specialised alcohol and other drug treatment options, spanning health promotion, harm reduction, and intensive AOD treatment.
- In 2022/2023 for every dollar invested by the NSW Government in the NGO AOD treatment system, the NGO AOD sector brought in an additional dollar.
- Analyses conducted for this paper revealed that there are 101,773 people in NSW who do not receive treatment despite being suitable for and wanting treatment.
- The growing complexity of client presentations in NGO services has placed additional demands on the NGO workforce, requiring multi-disciplinary teams to meet client needs.
- Independent evidence shows increasingly complex client presentations, unfunded costs for NGO service providers, structural vulnerability in contract arrangements, and extensive unmet treatment need in NSW.

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NSW NON-GOVERNMENT ALCOHOL AND OTHER DRUG SERVICES

Since the 1970's alcohol and other drug treatment has been provided to the NSW community by non-government, not-for-profit organisations, complementing and enhancing the alcohol and other drug treatment provided by government services (through the Local Health Districts). **In 2021/2022 almost half of all alcohol and drug treatment was provided by the non-government sector.**[1] This represented care to 12,650 people living in NSW that year.[2]

Non-government alcohol and other drug treatment services are grounded in the communities they serve. The genesis of many of these services come from local need.[3] Overseen by voluntary Boards of Management comprised of community and corporate leaders, people with lived and living experience of alcohol and other drug issues, experts in social welfare, philanthropists, lawyers and health care practitioners[4], each organisation is unique. Non-government alcohol and other drug services span harm reduction, health promotion, treatment, and continuing care.[5] The types of services delivered include: outreach, needle syringe programs, prevention programs, counselling, withdrawal management, residential rehabilitation, day programs, peer support, and aftercare. This provides NSW with a rich tapestry of community-led specialised alcohol and other drug treatment options.

The ability to be flexible and agile, which comes with being a non-government organisation, allows services to pivot and innovate rapidly, and to shift priorities and responses as new drug problems emerge, or as community needs change. Non-government services have adapted to specialist higher need populations within their community. For example, NGO alcohol and other drug treatment services have evolved to include: specialised residential services for pregnant women and women with children[6], services for people coming out of prison[7], First Nations AOD treatment services[8], tailored support for people in the LGBTQIA+ community[9], specialist services to multicultural communities[10], harm reduction and peer support

[1] AIHW, AODTS-NMDS 2021/2022 44.6% of all episodes of care (N=19,974) provided by the NGO sector in NSW.
[2] Multiplier used, assumes same ratio of EOC per client between NGO and GOV services. 44.6% of total unique clients (N=28,364) in NSW 2021/22
[3] For example, The Buttery was established in 1973 after the Aquarius Festival. The parish chaplain saw the need to house homeless young people at a time when heroin and other drug use was seen as a significant problem. Young people would come and stay at The Buttery from all over the State to "stay clean and away from drug use"
[4] Ref source: Australians Charities and Not-for-profits Commission AOD NGOs in NSW
[5] Network of Alcohol and other Drugs Agencies (2014). Responding to alcohol and drug related harms in NSW: Mapping the NSW non-government alcohol and other drugs sector. NADA, NSW Australia. https://nada.org.au/wp-content/uploads/2021/01/nada_sector_mapping_web.pdf
[6] Jarrah House provides holistic care and support to women with their children in a peaceful residential setting on country which has long been known as a place of healing. Kathleen York House provides a safe and supportive drug-free environment for women and their babies.
[7] Founded in 1951, the Community Restorative Centre (CRC) is the leading community provider of support services to people affected by the criminal justice system in NSW.
[8] The Glen's 12 week culturally safe AOD residential program, empowering men and women to be the leaders in their own lives. The Yerin – Eleanor Duncan Aboriginal Health Centre enhances the health and wellbeing of Aboriginal people seeking support for their use of alcohol and other drugs.
[9] The AOD services provided through ACON, the leading LGBTQIA+ community organisation
[10] Odyssey House has dedicated Multicultural Programs delivering specialised tailored Culturally and Linguistically Diverse (CALD) alcohol and drug services in Western and South-Western Sydney.

services[11], adaptation of residential rehabilitation programs to include pharmacotherapy services[12], and advanced psychological therapies for people with mental health conditions[13]. In addition, the NSW NGO sector is leading on outcome measurement in the AOD field[14] ensuring that services are producing positive outcomes for clients.

Part of being connected and grounded in community means that services can draw on the variety of local social welfare, legal, housing, employment, job training, educational and primary health services within their reach to ensure clients' needs are met and that continuity of care and quality of life is enhanced. Staffed by skilled and dedicated alcohol and drug clinicians, a workforce of almost 1000 equivalent full-time staff [15] bring an average of 21 years life and work experience to the job.[16] **The growing complexity of client presentations in NGO services has placed additional demands on the NGO workforce, requiring multi-disciplinary teams to meet client needs.[17]** For example, there has been a significant increase in the number of people experiencing problems with alcohol and other drugs at the same time as having mental health problems; in 1997 of people with a substance use disorder, around 27% also had a mental health disorder. In 2007 it was between 20% and 33%. In 2022, this had climbed to 50% of people with a substance use disorder.[18] This change in the profile of clients and their clinical needs has not been recognised in NGO treatment funding.

Non-government alcohol and other drug treatment services in NSW are funded from a number of different sources[19]: the NSW Ministry of Health, Local Health Districts, the Commonwealth Department of Health and Aging, Primary Health Networks, the National Indigenous Australians Agency, and through client contributions and philanthropy. Having multiple funders is of significant advantage to the NSW state economy: the non-government sector brings in treatment funding from these sources, effectively leveraging the current NSW government investment. **In 2022/2023 for every dollar invested by the NSW Government in the NGO AOD treatment system, the NGO AOD sector brought in an additional dollar**.[20]

This is still not enough, however, to meet the needs of the NSW population. With 287,820 people in NSW experiencing a substance use disorder[21], and with analyses suggesting that around 40% of these people will

[11] NUAA is advancing the health, human rights and dignity of people who use or have used illicit drugs.
[12] We Help Ourselves provides opioid agonist treatment options for residents
[13] Kedesh Rehabilitation Services offer client focused and tailored psychological and behavioural therapies that address a wide range of substance use and mental health problems.
[14] Network of Alcohol and Other Drug Agencies (2022).
[15] NSW AOD Workforce Survey, Ministry of Health, 2022. NGO AOD FTE = 953.
[16] Wenzel et al (2022)
[17] There are only 15 social workers, 11 psychologists and 128 nurses within the NGO workforce establishment (NSW AOD Workforce survey, 2022, page 17).
[18] These data come from the National Survey of Mental Health and Wellbeing, conducted in 1997, 2007 and 2022, using the same methods and surveying a nationally representative sample. See: https://journals.sagepub.com/doi/full/10.1080/j.1440-1614.2000.00715.x
https://journals.sagepub.com/doi/full/10.1080/00048670902970908
and https://www.abs.gov.au/statistics/health/mental-health/national-study-mental-health-and-wellbeing/latest-release for the 2022 release
[19] Centre for International Economics, 2021; Ritter et al 2014
[20] NSW Ministry of Health funding to NGO AOD in 2022/23 was $64.3m. Other NSW NGO AOD funding (PHNs, Aus Government, NIAA) in 2022/23 was $63.7m. Data source: NADA Fact sheet
[21] See Attachment 1 for details

want and seek treatment in any one year, the estimated demand for AOD treatment in NSW is 164,212 people. The current met demand for AOD treatment is 62,439 people. **The gap is 101,773 people, who do not receive treatment despite being suitable for and wanting treatment.**[22] The largest gap is for people experiencing alcohol dependence; the smallest gap is for people experiencing opioid dependence. (Details for these calculations are given in Attachment 1). There are many other sources confirming the large unmet demand for AOD treatment in NSW.[23]

Analysis of the funding arrangements for the NSW non-government system needs to be understood in the context of this significant unmet demand. A detailed study of funding arrangements in NSW NGO AOD[24] noted that "almost no service provider [is] able to meet client needs with the funding provided from any one source" (p.4). This is a significant lost opportunity for NSW. Given the demonstrated ability of NGO services to adapt and respond to community need, the increasing complexity of client presentations requires new funding to meet that need.

Being funded by multiple parties with non-aligned reporting requirements and differing cycles of contracting is a major resource cost to the NSW NGO AOD sector.[25] The average NGO residential service in NSW is funded by 2.5 different funders; the average for non-residential services is between 1 and 2 funders[26] (this does not count multiple differing contracts from the same funder). Having multiple funders has been a long-standing feature of NGO AOD treatment service provision.[27] In national research conducted in 2012/13, multiple funders were seen to improve the survival of the sector, and improve sector diversity[28] despite recognition that better service planning could occur under a single purchaser model.

In an environment with multiple funders, it is not surprising that **funding contracts are piecemeal**. The following costs/services/activities do not form part of most contracts[29]: building maintenance and repairs; research and development; pre-admission and waiting list support services; post treatment support and continuing coordination of care, accreditation, external clinical supervision, IT support for data collection, and car fleet costs especially for rural and regional service providers. Australian research[30] has shown the structural vulnerability that NGO services are exposed to given these unfunded service costs.

The important focus on probity, transparency and accountability when the government purchases services from the NGO sector on behalf of New South Wales residents, has brought unintended consequences. These have included shorter contract lengths, incentives, and disruption to collaborative practices. This is an

[22] This gap of 101,773 people applies to the whole NSW system, not just the NGO AOD treatment system. If we assume that half of all this care is provided in the NGO system, see first paragraph, it would amount to another 50,000 people being treated in the NGO system.
[23] Special Commission of Inquiry into the Drug Ice, National Study of Mental Health and Wellbeing, NSW Parliament
[24] Centre for International Economics, 2021
[25] ibid; Ritter et al., 2014
[26] Centre for International Economics,2021, p. 23
[27] Ritter et al., 2014
[28] Ritter et al., 2014, p. 283
[29] Centre for International Economics, 2021; Ritter et al., 2014
[30] van de Ven et al., 2022

international phenomenon[31], with most independent research concluding that **competition neither improves the efficiency nor the quality or the outcomes of alcohol and other drug treatment services**.[32]

The structural vulnerability of the NSW NGO AOD services is further reinforced by the use of time-limited contracts. Despite the NSW Legislative Council Inquiry[33] recommendation that contracts run for a minimum of three years with the option of a two year extension, the NSW Ministry of Health has yet to fully implement this recommendation.

Conclusion

The combination of independent evidence showing increasingly complex client presentations, unfunded costs for NGO service providers, structural vulnerability in contract arrangements, and extensive unmet treatment need in NSW presents significant reform opportunities for NSW. Health and social outcomes for people experiencing alcohol and other drug issues could be substantially improved if these matters were redressed in the NSW NGO alcohol and other drug treatment system.

[31] Schneider et al., 2023; Mason et al., 2015; Storbjork et al., 2019a, 2019b; Stenius et al., 2020

[32] Schneider et al., 2023; Ritter, et al., 2021

[33] NSW Parliament, 2018

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Attachment 1: Estimates of unmet demand for alcohol and other drug treatment in NSW

There are three main parts to estimating the unmet demand for AOD treatment:
1. How many people receive AOD treatment in NSW?
2. How many people need AOD treatment in NSW?
3. How many people miss out on AOD treatment in NSW, or, what is the gap?

We outline these parts, including the method, in turn below. We focus on four main drug types: alcohol, cannabis, methamphetamine, and opioids. This avoids overestimating treatment need, due to polysubstance dependence, and includes about 90-95% of treatment episodes.

1. How many people receive treatment?
We first need a definition of treatment. Treatments provided by services often involve counselling, supervised withdrawal, or residential rehabilitation. Because we're interested in service provision, the definition used for this work was:: Interventions specifically targeted at someone's AOD use, provided in a professional setting. This aligns with the National Treatment Framework's definition of intensive treatment interventions, and brief interventions such as assessments and education or information are excluded.

We use the two main treatment datasets, held by AIHW: the Alcohol and Other Drugs Treatment Services National Minimum Dataset (AODTS-NMDS) and the National Opioid Pharmacotherapy Statistics Annual Dataset (NOPSAD). The AODTS holds all 'specialist' AOD treatment provided by services that receive government funding, and NOPSAD holds all opioid agonist treatment (OAT) prescribing and dispensing.

For the AODTS, we remove any clients that only received a brief intervention (assessment only/education only). We only included clients receiving treatment for their own drug use (about 98% of clients). We include all clients from NOPSAD.

The number of clients receiving treatment in these two datasets is shown in the table below. It is estimated to be about 50,000 people receive treatment from the AODTS and NOPSAD in 2022 in NSW.

Table 1. Clients receiving treatment in AODTS-NMDS and NOPSAD, NSW, 2022

Drug type	AODTS	NOPSAD	Total
Alcohol	11,285		11,285
Cannabis	4,901		4,901
Methamphetamine	6,011		6,011
Opioids	2,892	24,475	27,367
Total	25,089		49,564

However, these two datasets do not include treatment provided in other settings. Many people receive treatment from their GP, in a hospital, private psychologists and psychiatrists, and Aboriginal community-controlled organisations. Unfortunately there is not good data about how many people receive treatment in these other settings. Some of these services do report into the two main datasets, but most of them do not. This creates complexity. For example with OAT, GPs report all prescribing to NOPSAD. So we can assume for opioids we have counted most people. For other drugs, there's likely to be many treatment episodes (and hence people) missing.

A study from 2016[34] accessed additional datasets for these non-specialist settings, and provided estimates of the number of people who received treatment across all settings. They found that the number of people receiving treatment was about 1.6 times the number of people receiving treatment in the two main datasets (AODTS and NOPSAD). This includes private and public hospitals, ACCHOs, GPs, and allied health. When we apply this multiplier to our 2022 data, we can estimate the number of people receiving treatment in all settings in NSW. This is shown in Table 2.

Table 2. Number of clients receiving treatment in all settings, NSW, 2022

Drug type	Clients in NOPSAD and AODTS	Other settings	Total
Alcohol	11,285	6,546	17,831
Cannabis	4,901	2,843	7,744
Methamphetamine	6,011	3,487	9,498
Opioids	27,367	-	27,367
Total	49,564	12,875	62,439

This gives us an additional 13,000 people receiving treatment, and about 60,000 people receiving treatment in NSW in 2022. We can now turn to how many people are in need of treatment.

2. How many people need treatment?

The NSW population in 2022 was 7,363,373. How many people within this population need alcohol or other drug treatment? This requires a definition of 'need for treatment'. Although other healthcare areas typically look at the number of people with the condition, diagnosis or injury to determine treatment need, AOD is a bit more complex. One option is to look at consumption rates. However there is no one way to define need for treatment from consumption. Too much for one person will be fine for another, and it's dependent on gender, age, culture, and context. We could ask people, but there isn't any good survey data about this.

We have substance use disorder diagnoses, but not all of these people will want or need treatment. Many people resolve their AOD dependence without treatment. So diagnosis does not necessarily mean need for treatment. Even so, diagnostic rates are our best available option, so we proceed with these as the basecase for treatment need, but then apply adjustments to reflect that only a proportion of these people would want and seek treatment if it were available to them.

Prevalence estimates of substance use disorders are available from the Global Burden of Disease (GBD) study. The GBD estimates are based on household surveys, mainly the National Survey of Mental Health and Wellbeing for Australia, and adjusted to account for underrepresented populations not well accounted for in household surveys. GBD provide Australian data at the national level for ages 10 and above, and have recently published estimates for 2021.

[34] Chalmers, J., Ritter, A., & Berends, L. (2016). Estimating met demand for alcohol and other drug treatment in Australia. *Addiction*, *111*(11), 2041-2049.

We apply the prevalence rates to the NSW population by 5-year age increment, and present the totals across ages here. For opioids, recently published NSW-specific data[35] are available from a peer-reviewed paper which used indirect estimation methods. We use this in replacement of the GBD rates because it is recent and specific to NSW.

The GBD (and the opioid paper) provide a main estimate (the middle figure), and a high and low figure, so we have three estimates to work with, shown in Table 3. We estimate between 210,000 and 380,000 people have a substance use disorder in NSW in 2022. For the main (middle figure) estimate, this is 170,000 people with an alcohol use disorder, 50,000 people with a cannabis use disorder, 40,000 people with a methamphetamine use disorder, and 50,000 people with an opioid use disorder (290,000 people overall).

Table 3. Number of people with a substance use disorder, NSW, 2022

Drug type	Low prevalence	Mid prevalence	High prevalence
Alcohol	124,232	169,483	224,640
Cannabis	36,516	49,467	65,601
Methamphetamine	27,666	41,798	59,503
Opioids	47,491	50,315	52,870
Total	211,346	287,820	381,632

Note: for opioids, we have NSW specific research available on the prevalence of opioid use disorders. We used this for the ages available (15-64).[38]

Because not all 210,000-380,000 people will want or need treatment (some people are not ready/see no need for treatment or will resolve their issues without treatment) we need to decide what proportion of the diagnosed population would receive treatment if it were available in a year.

We have limited data to inform these estimates. Based on the available research on 'natural recovery' or 'spontaneous remission' and recovery through self-help, plus previous expert reference groups for DASPM, we apply the proportions presented in Table 4. We estimate 40% of the diagnosed alcohol and cannabis population should be treated, 75% of the methamphetamine population, and 90% of the opioid population. Opioid and methamphetamine use have lower rates of 'natural recovery', hence the assumption of higher treatment rates for these substances.

Table 4. Proportion of clients estimated to seek treatment

Drug type	Estimated % who would seek treatment
Alcohol	40%
Cannabis	40%
Methamphetamine	75%
Opioids	90%

We can apply these rates to the three diagnosed populations (low, main/mid, high) to estimate the number of people in need of treatment. This is shown below in Table 5. We estimate between 130,000 and 210,000

[35] Downing, B. C., Hickman, M., Jones, N. R., Larney, S., Sweeting, M. J., Xu, Y., ... & Jones, H. E. (2023). Prevalence of opioid dependence in New South Wales, Australia, 2014–16: Indirect estimation from multiple data sources using a Bayesian approach. *Addiction*, *118*(10), 1994-2006. https://onlinelibrary.wiley.com/doi/pdf/10.1111/add.16268#page=5.64

people are in need of treatment in 2022. Looking at the main figure, this is about 70,000 for alcohol, 20,000 for cannabis, 30,000 for methamphetamine, 45,000 for opioids, and 165,000 overall.

*Table 5. Estimated number of people in need of treatment**

Drug type	# in need of treatment applying the Low prevalence	# in need of treatment applying the Mid prevalence	# in need of treatment applying the High prevalence
Alcohol	49,693	67,793	89,856
Cannabis	14,607	19,787	26,240
Methamphetamine	20,750	31,348	44,627
Opioids	42,742	45,284	47,583
Total	127,791	164,212	208,306

*This is commonly referred to as 'demand' for treatment

3. How many people miss out?

Now that we have an estimated number of people receiving treatment, and an estimated range of people in need of treatment, we are now in a position to estimate how many people are missing out on treatment in NSW.

When we compare the number of people receiving treatment against the three estimates of the number of people in need of treatment, we end up with the figures below in Table 6. Between 65,000 and 145,000 people are missing out on AOD treatment in NSW for 2022. Looking at the mid-estimate, this is about 50,000 for alcohol, 12,000 for cannabis, 20,000 for methamphetamine, 18,000 for opioids, and 100,000 overall.

Table 6. Estimated number of people missing out on treatment

Drug type	Low estimate	Mid estimate	High estimate
Alcohol	31,862	49,962	72,025
Cannabis	6,863	12,043	18,497
Methamphetamine	11,251	21,850	35,129
Opioids	15,375	17,917	20,216
Total	65,351	101,773	145,867

This can be expressed as a proportion of the people in need; that is, what proportion of the people in need are receiving treatment for 2022? Table 6 provides the results. Between 30% and 50% of the people in need are receiving treatment (depending on the prevalence estimate used). Looking at the mid estimate, about 25% of the people in need of alcohol treatment receive it, 40% for cannabis, 30% for methamphetamine, 60% for opioids, and 40% overall.

Table 6. Estimated proportion of people in need of treatment that do receive treatment

Drug type	Low estimate	Mid estimate	High estimate
Alcohol	36%	26%	20%
Cannabis	53%	39%	30%
Methamphetamine	46%	30%	21%
Opioids	64%	60%	58%
Total	49%	38%	30%

Summary tables

Need = diagnosed population
Demand = proportion of diagnosed population who would seek treatment if it were suitable/available
Treated = number of people receiving treatment in NSW in 2022
Gap = number of people who miss out on treatment who would be suitable for it (demand minus treated)
% treated = treated/demand x 100
% untreated = gap/demand x 100

Applying the low prevalence estimate	Need	Demand	Treated	Gap	% treated	% untreated
Alcohol	124,232	49,693	17,831	31,862	36%	64%
Cannabis	36,516	14,607	7,744	6,863	53%	47%
Methamphetamine	27,666	20,750	9,498	11,251	46%	54%
Opioids	47,491	42,742	27,367	15,375	64%	36%
Total	235,905	127,791	62,439	65,351	49%	51%

Applying the main prevalence estimate	Need	Demand	Treated	Gap	% treated	% untreated
Alcohol	169,483	67,793	17,831	49,962	26%	74%
Cannabis	49,467	19,787	7,744	12,043	39%	61%
Methamphetamine	41,798	31,348	9,498	21,850	30%	70%
Opioids	50,315	45,284	27,367	17,917	60%	40%
Total	311,063	164,212	62,439	101,773	38%	62%

Applying the high prevalence estimate	Need	Demand	Treated	Gap	% treated	% untreated
Alcohol	224,640	89,856	17,831	72,025	20%	80%
Cannabis	65,601	26,240	7,744	18,497	30%	70%
Methamphetamine	59,503	44,627	9,498	35,129	21%	79%
Opioids	52,870	47,583	27,367	20,216	58%	42%
Total	402,613	208,306	62,439	145,867	30%	70%