



Special Commission of Inquiry into the Drug 'Ice'

ISSUES PAPER 4

DATA, RESEARCH AND FUNDING

Special Commission of Inquiry into the Drug 'Ice'

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Preface

ISSUES PAPERS

The Special Commission of Inquiry into the Drug “Ice” has published Four Issues Papers:

- Issues Paper 1: Use, Prevalence and Policy Framework;
- Issues Paper 2: Justice;
- Issues Paper 3: Health and Community; and
- Issues Paper 4: Data, Research and Funding.

The four Issues Papers are intended to be read together.

HOW TO MAKE A SUBMISSION

The Inquiry invites written submissions from people and organisations who wish to respond to any of the questions raised in an Issues Paper, or who wish to share information, experiences or views relevant to the terms of reference.

The due date for submissions is 7 May 2019.

If you wish to make a submission, please include your name, contact details and whether you are making the submission personally or on behalf of a particular group or organisation. You may make your submission anonymously and choose not to provide any contact details. The Inquiry will still review your submission but will be unable to contact you to confirm or obtain further information.

Your submission may be made public unless you request that it not be made public or the Commissioner considers that it should not be made public for reasons of fairness or otherwise. Please note that your personal contact details will not be made public, such as your telephone number or email address. You may also request that your submission only be made public without your name or any other identifying details included.

You may provide your submission to the Inquiry by:

1. uploading it on the Inquiry’s website www.iceinquiry.nsw.gov.au
2. sending it by email to inquiry@iceinquiry.nsw.gov.au
3. sending it by post to Special Commission of Inquiry into the Drug ‘Ice’, GPO Box 5341, Sydney NSW 2001.

If you are sending your submission by email or post, please **clearly state in your submission if you do not want your submission to be made public** or want it to be made public anonymously.

Further information about making submissions to the Inquiry may be found in Practice Guideline 1, Providing Information to the Special Commission, which can be found at www.iceinquiry.nsw.gov.au

TERMINOLOGY

The Letters Patent refer to “amphetamine-type stimulants” and “crystal methamphetamine”. In this Issues Paper, the term “ATS” is used to refer to all amphetamine-type stimulants. The term “amphetamine” is used to refer to the parent compound amphetamine. The term “methamphetamine” is

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used to refer to all forms of methylamphetamine but not to 3,4-Methylenedioxymethamphetamine (**MDMA**), also known as “ecstasy”. The term “crystal methamphetamine” is used to refer to methamphetamine in crystalline form (also known as “ice”), unless the context otherwise specifies. The term “meth/amphetamine” refers to methamphetamine and amphetamine.

Data collection and research

Effective research is central to developing good policy and assessing whether current policies are effective. The key questions in any policy domain are “Do we have a problem? How big is the problem? How effective is what we are doing now? What should we do in future?” These basic questions form the framework for all decisions about the utility of the data we collect and what data should be collected in the future.

Robust, accurate data collection and targeted research is fundamental to understanding the prevalence and impacts of amphetamine-type stimulant (ATS) use and targeting service delivery. Data and research provide information to drive decision-making and policy change to improve the health and wellbeing of populations.

There is no published national research strategy that prioritises research activity emanating from the National Drug Strategy (NDS). Commonwealth-funded drug and alcohol research centres that contribute to the research agenda by disseminating evidence and informing policy development include the National Drug and Alcohol Research Centre (NDARC); the National Drug Research Institute (NDRI); the National Centre for Education and Training on Addiction (NCETA); the Centre for Youth Substance Abuse Research (CYSAR) and the National Centre for Clinical Research on Emerging Drugs (NCCRED). In the absence of a research strategy most research is either investigator driven or determined by evaluation of existing government policy directions.

Most research on ATS is primarily focused on the epidemiology of ATS use and harm, impacts on services and society, and effects on users (e.g. psychotic episodes). There is also an increasing focus on the effectiveness of treatment options. Further research is needed to improve our understanding of:

- the drivers of ATS use;
- the short and long-term impacts and harm of ATS use, both on individuals and the community more broadly;
- the effectiveness of current interventions across the three pillars of supply reduction, demand reduction and harm reduction;
- where resources are best targeted, including new interventions or innovations; and
- how well current policy and legislative frameworks are responding to ATS use and harms.

The collection and provision of data is essential to ATS research. Data can be collected through population level surveys, through administrative information generated by users of services or by targeted collection of identified information from specific groups. The following data sets currently inform policy and service responses regarding ATS:

- The National Wastewater Drug Monitoring Program (**National Wastewater DMP**) looks at the level of use of illicit and licit drugs across Australia using a population-based sampling method. The National Wastewater DMP has limited coverage, sampling from 12 sites in NSW (58 sites nationally) in 2018 (although this reportedly covers over 50% of the Australian population). Sites are not publicly identified for treatment plant confidentiality.
- National minimum data sets (**NMDS**) are minimum data agreed for collection and reporting at a national level. The NMDS relevant to health services associated with ATS include those for emergency department care, alcohol and other drug (**AOD**) treatment services, admitted patient care, residential mental health care, community mental health care, and non-admitted patient care. The data collected is extensive, covering information about patient demographics (e.g. area of

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residence, Indigenous status) and their care (e.g. diagnosis, procedure undertaken). However, there are gaps in the data sets collected. For example, identifying the principal drug of concern for AOD services is not mandatory. Further, the AOD treatment services NMDS apply to publicly funded health organisations and non-government organisations (NGOs) but do not cover needle and syringe programs or services based in prison/correctional institutions.¹

- “HealthStats NSW” provides publicly available trend and demographic data on drug misuse, sourced from the NSW Public Health Rapid, Emergency, Disease and Syndromic Surveillance (**PHREDSS**) system, including methamphetamine-related emergency department presentations and hospitalisations. These are drawn from administrative data provided by service users.
- The NSW Police Force (**NSW Police**) collects administrative data on criminal incidents, victims and alleged offenders. This is reported by the NSW Bureau of Crime Statistics and Research (**BOCSAR**) and includes data on drug offences, for example, possession, manufacture and supply of amphetamines.
- The Australian Institute of Health and Welfare (**AIHW**) compiles and reports on health and welfare data at a national and state/territory level. The AIHW reports on the National Drug Strategy Household Survey (**Household Drug Survey**) which collates self-reported information; trends and patterns of drug use (including ATS); burden of disease; and drug-related family, domestic and sexual violence. The Household Drug Survey relies on self-reporting and excludes specific at-risk population groups such as the homeless and people in prison.
- The Australian Institute of Criminology collects and publishes data under the Drug Use Monitoring in Australia (**DUMA**) program. This includes self-reported data on drug use and criminal activity, as well as voluntary urine specimens from people who have been arrested. The DUMA program only collects data from a very small number of locations in NSW, all of which are metropolitan. DUMA is a targeted data collection of specifically identified information from a known cohort.

Limitations in data collection and data sharing can limit research capability. Improving research and data collection can provide the basis to develop more strategic and targeted policy and funding decisions. Current data collection and research could be improved by:

- coordination across sectors, including by enabling more accurate and timely quantification of ATS use and related harm;
- more detail in data collected, in particular capturing the type of ATS used;
- expanding current data collections;
- collecting data in innovative ways;
- using data linkages and other technologies such as electronic medical records; and
- expanding data sharing between agencies and jurisdictions.

The 2015 National Ice Taskforce (**NIT**) found that “existing data and research does not provide a sufficiently comprehensive evidence base to support optimal policy-making on ice and to measure the effectiveness of these responses.”² It made recommendations specific to enhancing data and research,

¹ Australian Institute of Health and Welfare, Commonwealth, ‘Alcohol and other drug treatment services NMDS 2015-18’, *Metadata Online Registry* (Web page, 2018) <<https://meteor.aihw.gov.au/content/index.phtml/itemId/583090>>.

² Department of the Prime Minister and Cabinet, Commonwealth, *Final Report of the National Ice Taskforce* (Report, 2015) 168 <https://www.pmc.gov.au/sites/default/files/publications/national_ice_taskforce_final_report.pdf>.

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including a national consolidated data clearinghouse that captures cross-sectoral data, and funding of research into treatment and law enforcement options.³ In response to these recommendations, the Commonwealth committed funding for better research and data collection.⁴ At this stage of the Inquiry, it is not clear how this funding has been allocated.

Some current initiatives to improve data and research, include:

- Under the 2015 National Ice Action Strategy (**NIAS**), an ongoing National Surveillance System for Alcohol and other Drug Misuse and Overdose was funded to address gaps in evidence needed to inform policy, intervention and evaluation activities at both a state and national level.
- The AOD Early Intervention Innovation Fund (part of the NSW Drug Package) is overseen by NSW Health to support NGOs to evaluate existing programs and test innovative approaches to prevention, early intervention, harm reduction and aftercare/relapse prevention (however none of the funded projects listed are specific to ATS).⁵
- The NSW Office for Health and Medical Research provides a range of grant funding to researchers. At this stage of the Inquiry, it is unclear what, if any, of this grant funding has been directed to ATS or other drug research.

It is not clear the extent to which these initiatives adequately address areas of concern in current data collection and research, which include:

- Identification of existing data sets which could be further disaggregated to report on ATS as a specific category.
- The frequency of data publication – increased frequency may allow more timely responses.
- Extension of existing surveys to regional and remote areas, with disaggregation to allow separate identification of ATS data.
- More targeted government support for the research community to address research gaps and to align research to support policy priorities.
- The need to improve the coverage of the Household Drug Survey, in particular to include people in prison and the homeless and address the underrepresentation of Indigenous people and culturally and linguistically diverse (**CALD**) communities.⁶
- Improvements that could be made to the sentinel group surveys, which focus on particular population sub-groups. Two key sentinel surveys are the Illicit Drug Reporting System (IDRS), which surveys people who inject drugs, and the Ecstasy and Related Drugs Reporting System (EDRS), which surveys people who regularly use MDMA and other stimulants.

³ Department of the Prime Minister and Cabinet, Commonwealth, *Final Report of the National Ice Taskforce* (Report, 2015) xiv-xv <https://www.pmc.gov.au/sites/default/files/publications/national_ice_taskforce_final_report.pdf>.

⁴ Commonwealth, *Taking action to Combat Ice* (Report, December 2015) 2 <[http://www.health.gov.au/internet/main/publishing.nsf/content/396377B005C71DD0CA257F100005FD5C/\\$File/combat%20ICE%20glossy.pdf](http://www.health.gov.au/internet/main/publishing.nsf/content/396377B005C71DD0CA257F100005FD5C/$File/combat%20ICE%20glossy.pdf)>.

⁵ Ministry of Health, New South Wales Government, 'Alcohol and Other Drugs (AOD) Early Intervention Innovation Fund', *Health* (13 August 2018) <<https://www.health.nsw.gov.au/aod/programs/Pages/aod-innovation-fund.aspx>>.

⁶ Law Reform, Drugs and Crime Prevention Committee, Victorian Parliament, *Inquiry into the supply and use of methamphetamines, particularly ice, in Victoria* (Report, September 2014) vol 2, 709 <https://www.parliament.vic.gov.au/images/stories/LRDCPC/Tabling_Documents/Inquiry_into_Methamphetamine_text_Vol_02.pdf>.

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- The potential to make better use of current administrative data collections for prevalence analysis, such as data collected on drug driving accurately identifying the specific drugs involved.

It is noted that previous inquiries and taskforces have made a number of detailed recommendations for improvement in data and research.⁷

Submissions – Data collection and research

Submissions are sought from interested individuals and government and non-government organisations on the adequacy of existing data collection methods used in relation to ATS use, the adequacy of current research into ATS use and options to strengthen the way data in relation to ATS use is collected and the way in which research is conducted. The following issues are of particular relevance to the Inquiry:

- 4.1.1 Is there a need for a prospective data plan that identifies knowledge gaps and seeks to develop datasets to address those gaps?
- 4.1.2 What new datasets need to be developed to inform appropriate policy development in relation to ATS use?
- 4.1.3 How have the recommendations concerning data collection made by the NIT been implemented within NSW?
- 4.1.4 Should any of the recommendations directed to improvements in data and research made in earlier inquiries be adopted by the Inquiry? If so, why?
- 4.1.5 What opportunities exist to strengthen current data collections and/or disaggregate data to better understand the use and impacts of ATS?
 - a. Is further disaggregation of current data collections to capture ATS use possible? Is this warranted?
 - b. Would the expansion of data collections (e.g. to disaggregate type of drug or capture poly-drug use) enable more targeted policy and/or legislative responses to ATS use? If so, how?
- 4.1.6 How could surveys such as the Household Drug Survey and sentinel surveys be improved to increase the accuracy of prevalence estimates for NSW? Why have the sentinel surveys of drug trends and DUMA not been extended to regional and rural NSW?
- 4.1.7 How has the National Surveillance System for Alcohol and other Drug Misuse and Overdose addressed gaps in the evidence needed to inform policy, intervention and evaluation activities at both a state and national level?
- 4.1.8 How well do current funding and governance structures for AOD and ATS research enable coordination across national and jurisdictional bodies, and are the models sustainable to allow forward research planning?

⁷ Law Reform, Drugs and Crime Prevention Committee, Victorian Parliament, *Inquiry into the supply and use of methamphetamines, particularly ice, in Victoria* (Report, September 2014) vol 2, 705-722 <https://www.parliament.vic.gov.au/file_uploads/LRRCSC_58-03_Full_Report_Text_WEB_XQB31XDL.pdf>; Western Australian Government, *Methamphetamine action plan taskforce* (Final Report, November 2018) 266-267 <<https://www.dpc.wa.gov.au/ProjectsandSpecialEvents/MAPTtaskforce/Documents/MAPTtaskforceFinalReport.pdf>>; Portfolio Committee No. 2 – Health and Community Services, New South Wales Legislative Council, *Provision of drug rehabilitation services in regional, rural and remote New South Wales* (Report No 231, 6 August 2018) 62, 64 <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2466/Final%20report%20-%20Drug%20rehabilitation%20services%20-%206%20August%202018.pdf>>.

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- 4.1.9 What are the data development and research priorities that are needed to inform ATS service planning in NSW?
- 4.1.10 What is the state of research into methamphetamine pharmacotherapy treatment and other new forms of treatment funded under the NIAS? Is there an evidence base for new methamphetamine-specific treatment?
- 4.1.11 Are there opportunities for coordination of research bodies as to their research agenda on ATS, for example, in relation to pharmacotherapies?
- 4.1.12 Is it possible for NSW Police to collect more data in relation to offences such as “drug driving”, such as to identify the particular substance used? If it is possible, should that data be collected?

Resources and funding

EXISTING RESOURCES AND FUNDING

Responsibility for the funding, resourcing and governance of responses to ATS use is shared between the Commonwealth, state/territory and local governments. The Ministerial Drug and Alcohol Forum (**MDAF**) oversees Australia’s national drug policy framework, including the NIAS and provides the Council of Australian Governments (**COAG**) with an annual report. NSW is represented on MDAF by the NSW Ministers for Health and Police.

There is no clear separation of AOD funding or servicing responsibilities between the Commonwealth and states. Both the Commonwealth⁸ and NSW⁹ fund and provide counselling, treatment, information and support services. Poor coordination between state and federal governments can lead to duplication and/or service gaps.

The only area of the NSW Government where funding can be identified as specifically directed to AOD services (and tied to the provision of those services) is in the Health Cluster.¹⁰ NGOs also have a role in the delivery of services in this cluster.

Funding arrangements with NGOs can be complex, involving disparate sources and schemes.¹¹ It is often short-term in nature, and creates a significant administrative burden for non-government providers.¹²

Funding for responding to ATS use broadly falls into three categories: health, justice and other.

Funding for Health

The 2011 “National Health Reform Agreement” requires all governments to work together to improve health outcomes and ensure the sustainability of the national health system. It provides a strategic framework for the allocation of roles, responsibilities and funding between Commonwealth and state/territory governments.¹³

Funding for health services is provided primarily by the Commonwealth and state governments, with some limited funding from other sources.

- State/territory and local governments pay for most community health services, contributing \$7.3 billion in 2016–17 (87.7% of government community health service expenditure).¹⁴

⁸ Department of Health, Commonwealth, ‘What services are there?’, *Drug Help* (Web page, October 2017) <<https://campaigns.health.gov.au/drughelp/what-services-are-there>>.

⁹ Ministry of Health, New South Wales Government, ‘Drug and alcohol treatment’, *Health* (Web page, September 2017) <<https://www.health.nsw.gov.au/aod/programs/Pages/treatment.aspx>>.

¹⁰ ‘Clusters’ are the groups into which NSW Government agencies are organised to enhance coordination and provision of related services and policy development.

¹¹ Department of Health, Commonwealth, ‘New Horizons: review of alcohol and other drug treatment services’, *Publications* (Web page, July 2014) 58-61 <<https://beta.health.gov.au/resources/publications/new-horizons-review-of-alcohol-and-other-drug-treatment-services>>.

¹² Portfolio Committee No. 2 – Health and Community Services, New South Wales Legislative Council, *Provision of drug rehabilitation services in regional, rural and remote New South Wales* (Report No 231, 6 August 2018) 57 <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2466/Final%20report%20-%20Drug%20rehabilitation%20services%20-%206%20August%202018.pdf>>.

¹³ Council on Federal Financial Relations, *National Health Reform Agreement* (Report, August 2011).

¹⁴ Australian Institute of Health and Welfare, Commonwealth, *Health expenditure Australia 2016-17* (Report, 2018) 52 <<https://www.aihw.gov.au/getmedia/e8d37b7d-2b52-4662-a85f-01eb176f6844/aihw-hwe-74.pdf.aspx?inline=true>>.

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- Public hospital services are shared between the Commonwealth and each state. In 2016-2017, the Commonwealth Government provided 40.6% of recurrent funding for public hospital services nationally, while the state and territory governments, which operate and regulate public hospitals, provided 51.0%. NGOs provided the remaining 8.4%.¹⁵

The Commonwealth is responsible for the delivery of primary healthcare including: the Medicare Benefits Schedule, the Pharmaceuticals Benefits Scheme, community-controlled Aboriginal and Torres Strait Islander primary health care and the Primary Health Networks (**PHNs**). PHNs are independent, not-for-profit primary health care organisations that commission health services to meet the needs of the people in their region.¹⁶ From 1 July 2016, the NIAS provided \$241.5 million over four years to PHNs (nationally) to procure additional AOD treatment services.

States are responsible for managing public hospitals and community-based primary health services, a key area for the provision of AOD services.¹⁷ The NSW Government does this through 15 geographically oriented Local Health Districts (**LHDs**), two specialist networks and an affiliated health organisation through St Vincent's Health Network.¹⁸

In 2018-19 the NSW Ministry of Health (**NSW Health**) received \$225 million for AOD-related health services over the forward estimates, which included a \$12 million enhancement to the \$75 million NSW Drug Package announced in 2016.¹⁹

Funding for Justice and Police

These services are the joint responsibility of the Commonwealth and state. However, unlike health service delivery, there is no National Agreement that outlines the strategic framework and allocation of roles across the levels of government.

At the Commonwealth level, the Australian Federal Police (**AFP**) has the primary responsibility of responding to drug importation. The AFP collaborates in this task with domestic partner agencies such as the Australian Border Force, the Australian Criminal Intelligence Commission (**ACIC**), the Department of Home Affairs (**DHA**), Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and state and territory police.

The NSW Justice Cluster delivers law enforcement, legal, court, custodial and supervision services. NSW Police and the NSW Crime Commission are responsible for the prevention, detection and investigation of crime. The NSW Justice Cluster does not receive targeted AOD funding, however it does provide some AOD targeted initiatives such as the Drug Court Program, the Magistrates Early Referral Into Treatment (MERIT) Program and the expansion of mobile drug tests as part of the NSW Government's *Road Safety Plan 2021*.

It is not clear what proportion of NSW's overall AOD expenditure is incurred within the Justice Cluster compared to that incurred within the Health Cluster. However, an analysis of 2009/10 funding for illicit drug policy activities across all Australian governments found that approximately 64.9% of funding was

¹⁵ Australian Institute of Health and Welfare, Commonwealth, *Health expenditure Australia 2016-17* (Report, 2018) 30 <<https://www.aihw.gov.au/getmedia/e8d37b7d-2b52-4662-a85f-01eb176f6844/aihw-hwe-74.pdf.aspx?inline=true>>.

¹⁶ Department of Health, Commonwealth, 'Fact Sheet: Primary Health Networks', *Primary Health Networks* (Web page, July 2018) <<http://www.health.gov.au/internet/main/publishing.nsf/Content/Fact-Sheet-Primary-Health-Networks+>>.

¹⁷ Australian Institute of Health and Welfare, Commonwealth, *Australia's Health 2016* (Report, 2016) 2 <<https://www.aihw.gov.au/getmedia/f2ae1191-bbf2-47b6-a9d4-1b2ca65553a1/ah16-2-1-how-does-australias-health-system-work.pdf.aspx>>.

¹⁸ LHDs are statutory corporations governed by a board of directors appointed by the [NSW Minister for Health] Ministry of Health, New South Wales Government, 'Local health districts and specialty networks', *Local Health Districts* (Web page, June 2018) <<https://www.health.nsw.gov.au/lhd/Pages/default.aspx>>; *Health Services Act 1997* (NSW).

¹⁹ Ministry of Health, New South Wales Government, *NSW Drug Package: NSW Budget 2016-17* (Media Release, 27 June 2016) <<https://www.health.nsw.gov.au/about/budget/Publications/drugs.pdf>>.

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directed towards law enforcement compared to 9.5% towards prevention, 22% towards treatment, 2.2% towards harm reduction and 1.4% towards other domains.²⁰

The 2017 Commonwealth Parliamentary Inquiry into Crystal Methamphetamine (‘Ice’) (**2017 Commonwealth Inquiry into Crystal Methamphetamine**) reported that the imbalance between funding allocated to law enforcement and that allocated to treatment and harm reduction has led to criticism of any increase to investment in law enforcement strategies without a correlative investment in demand and harm reduction.²¹ It recommended that the Commonwealth, state and territory governments re-balance AOD funding across the three pillars of the NDS.²²

Other funding sources

Philanthropy and other sources, such as NGO fund-raising, lotteries, Clubs Australia, client contributions (largely, but not completely, through the Disability Support Pension) and charitable foundations also contribute to funding AOD services. The amount of funding provided by these other sources is hard to ascertain.²³

Submissions – Funding, resourcing and governance

Submissions are sought from interested individuals and government and non-government organisations on the adequacy of funding, resourcing and governance for responding to ATS and options to improve the funding, resourcing and governance for responding to ATS. The following issues are of particular relevance to the Inquiry:

- 4.2.1 How can the coordination of resourcing and funding for responding to ATS between the Commonwealth and NSW Governments be improved?
- 4.2.2 What is the proportion of funding allocated to the Health and Justice clusters in NSW for responses to ATS? Is the proportion appropriate? If no, why not? If yes, why?
- 4.2.3 Is there a lack of congruence between announced funds and actual disbursements and expenditure on ATS programs? Are allocated funds being applied to their stated purposes?
- 4.2.4 Do existing performance measurements of services align with strategic objectives for responding to ATS?
- 4.2.5 Could funding arrangements with NGOs be more suitably structured to support delivery of more appropriate, efficient and effective services to ATS users? Is an activity or outcome based funding model possible or desirable for this?

²⁰ Alison Ritter, Ross McLeod and Marian Shanahan, National Drug and Alcohol Research Centre, *Government Drug Policy Expenditure in Australia – 2009/10: Addendum 20/8/13 New calculation given 70% of original APF estimate* (Report, June 2013) <https://ndarc.med.unsw.edu.au/sites/default/files/ndarc/resources/24%20Government%20drug%20policy%20expenditure%20in%20Australia%20-%202009_10.pdf>.

²¹ Commonwealth Parliamentary Joint Committee on Law Enforcement, *Inquiry into crystal methamphetamine (ice)* (Final Report, 27 March 2018) 116 <https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Crystalmethamphetamine45/Final_Report>.

²² Commonwealth Parliamentary Joint Committee on Law Enforcement, *Inquiry into crystal methamphetamine (ice)* (Final Report, 27 March 2018) 119 <https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Crystalmethamphetamine45/Final_Report>.

²³ Department of Health, Commonwealth, *New Horizons: review of alcohol and other drug treatment services* (Report, July 2014) 57 <<https://beta.health.gov.au/resources/publications/new-horizons-review-of-alcohol-and-other-drug-treatment-services>>.

OPPORTUNITIES TO IMPROVE FUNDING AND GOVERNANCE

There is currently no systematic approach to AOD service planning and resource allocation across NSW.

The 2018 NSW Parliamentary Inquiry into the Provision of Drug Rehabilitation Services in Rural, Regional and Remote NSW (**2018 NSW Parliamentary Inquiry into Drug Rehabilitation**) identified an urgent need for a population-based planning tool such as the Drug and Alcohol Service Planning (**DASP**) model to ascertain what rehabilitation services and how many beds are required across the State, and recommended its use in NSW.²⁴ The DASP model was developed in 2013 to calculate the level of AOD treatment services required based on the population needs of particular communities, and has application beyond residential rehabilitation services. The NSW Government supported the recommendation by the 2018 NSW Parliamentary Inquiry into Drug Rehabilitation, however, whether a population-based planning tool is being implemented, and whether any such tool is proposed to be applied beyond residential rehabilitation services, is unclear at this stage of the Inquiry.

Other health service planning tools have been used in NSW outside of AOD services. For example, the Mental Health Clinical Care and Prevention Model is a population based mental health planning tool that estimates the need for mental health services in NSW including mental health promotion, illness prevention and early intervention.²⁵

There is also no needs-based resource allocation or planning tool that supports AOD related activity of other agencies.

As noted above, the MDAF is responsible for the oversight, implementation and monitoring of the NDS, including the NIAS. The MDAF is required to produce an annual progress report to COAG that includes information on jurisdictional and national activities, AOD trends and emerging issues based on best available data. Under the NDS, the National Drug Strategy Committee is tasked with supporting the MDAF, producing progress reports on key indicators on a three-yearly basis and conducting a mid-point review of the NDS in 2021-2022 to determine new priorities and identify emerging issues and challenges. The *2017 Commonwealth Inquiry into Crystal Methamphetamine* reported concerns about the transparency of NIAS funding, primarily due to existing transparency issues with AOD funding more generally.²⁶ It is difficult to assess how effective the additional funding provided under the NIAS has been, given the challenge of attributing outcomes to the NIAS specifically and distinct from other separately funded activities. The Australian National Audit Office is currently undertaking a review of the NIAS, including the monitoring and reporting arrangements.

At the national level, PHNs are anticipated to have an important role in AOD and mental health service delivery. However, in the absence of an overarching strategic framework, effective collaboration and regional planning between PHNs and NSW Health has been limited.

Since the expiry of the *NSW Health Drug and Alcohol Plan 2006-2010*, there has been no whole-of-government, or single agency level, AOD plan in NSW. This lack of strategic planning is concerning, as it may affect ongoing governance, planning, prioritisation and investment of, and investment approaches

²⁴ Portfolio Committee No. 2 – Health and Community Services, New South Wales Legislative Council, *Provision of drug rehabilitation services in regional, rural and remote New South Wales* (Report No 231, 6 August 2018) ix <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2466/Final%20report%20-%20Drug%20rehabilitation%20services%20-%206%20August%202018.pdf>>.

²⁵ Ministry of Health, New South Wales Government, 'Mental Health Clinical Care and Prevention Model (MH-CCP)', *Mental Health* (Web page, August 2013) <<https://www.health.nsw.gov.au/mentalhealth/Pages/pe-mhccp.aspx>>.

²⁶ Commonwealth Parliamentary Joint Committee on Law Enforcement, *Inquiry into crystal methamphetamine (ice)* (Final Report, 27 March 2018) 114 <https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Crystalmethamphetamine45/Final_Report>.

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to, AOD services. It may also lead to unfocussed budget reporting for drug-related activity in key agencies such as NSW Health and NSW Police.

Opportunities to strengthen AOD funding and governance include:

- service planning that informs the allocation of funding and the expected performance of initiatives funded by those allocations;
- flexible funding allocations that enable service providers (government and non-government) to prioritise outcomes and be more responsive to local needs;
- place-based approaches to service delivery that reflect the needs, and contexts of particular communities, including a stronger role for communities in determining the allocation of resources;²⁷
- better coordination between the Commonwealth and the NSW Government on resource allocation and service delivery (for example, joint service planning and joint commissioning between PHNs and LHDs); and
- opportunities to improve NGO contract arrangements, including a move to longer term contracts and better monitoring.

It is well recognised that the work of NGOs and community-based organisations is hindered by complex funding arrangements, a proliferation of contracts and unduly short term contracts (linked to uncertainty of funding).²⁸

Strong monitoring and evaluation is critical to effective funding. The 2014 Victorian Parliamentary Inquiry into the supply and use of methamphetamine in Victoria recommended that any program that is designed or implemented should also be funded to undertake a formal evaluation with key performance indicators including clinical outcomes.²⁹ The timely and systematic dissemination and sharing of information, data, research findings, evidence of best practice and current trends was also recommended.

²⁷ Western Australia's *Methamphetamine Action Plan Taskforce* heard from regional communities about the potential of place-based (or local) service planning and delivery to better meet the heterogeneous needs and characteristics of their communities. Recommendation 32 from the task force proposes that a place-based planning and investment program be piloted in WA: Western Australia Government, *Methamphetamine Action Plan Taskforce* (Final Report, November 2018) 180-184 <<https://www.dpc.wa.gov.au/ProjectsandSpecialEvents/MAPTTaskforce/Documents/MAPTTaskforceFinalReport.pdf>>.

This is consistent with the Commonwealth Parliamentary Joint Committee on Law Enforcement's *Inquiry into Crystal Methamphetamine (ice)*, which heard concerns that the additional NIAS funded failed to target areas with the most severe illicit drug problems. The committee recommended that the NSW Health considers using 2016 Census and National Wastewater DMP data to determine the allocation of NIAS funding for 2019–20: Commonwealth Parliamentary Joint Committee on Law Enforcement, *Inquiry into crystal methamphetamine (ice)* (Final Report, 27 March 2018) 105-108 <https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Crystalmethamphetamine45/Final_Report>.

²⁸ Portfolio Committee No. 2 – Health and Community Services, New South Wales Legislative Council, *Provision of drug rehabilitation services in regional, rural and remote New South Wales* (Report No 231, 6 August 2018) 57-58 <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2466/Final%20report%20-%20Drug%20rehabilitation%20services%20-%206%20August%202018.pdf>>. See also Productivity Commission, Commonwealth, *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services* (Report No 85, 27 October 2017) <<https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/human-services-reforms.pdf>>.

²⁹ Law Reform, Drugs and Crime Prevention Committee, Victorian Parliament, *Inquiry into the supply and use of methamphetamines, particularly ice, in Victoria* (Final Report, September 2014) vol 1, 720 <https://www.parliament.vic.gov.au/images/stories/LRDCPC/Tabling_Documents/Inquiry_into_Methamphetamine_text_Vol_01_with_addendums.pdf>.

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Submissions – How to improve funding and governance

Submissions are sought from interested individuals and government and non-government organisations on opportunities to improve funding and governance in relation to ATS services. The following issues are of particular relevance to the Inquiry:

- 4.2.6 How can administrative and governance processes be better coordinated across all levels of government?
- 4.2.7 What are the existing monitoring and evaluation frameworks being applied for funding of ATS-related services? How is program effectiveness and efficiency currently measured and evaluated?
- 4.2.8 Are existing monitoring and evaluation activities for ATS-related services outcome focused and are there appropriate governance arrangements to implement recommendations?
- 4.2.9 What level of regular public reporting on government activity regarding ATS-related services is warranted?
- 4.2.10 What governance arrangements are needed to support the successful implementation of recommendations for reform?
- 4.2.11 What whole of government arrangements are necessary to coordinate ATS related activity across NSW agencies?
- 4.2.12 What are the existing arrangements for funding and governance of services which deal with ATS use in regional areas? Are place-based approaches to funding and service planning more appropriate than existing arrangements in regional areas?
- 4.2.13 Are there any examples of effective collaboration and regional planning between PHNs and NSW Health/LHDs?
- 4.2.14 How should funding be allocated across NSW for ATS-related services?
- 4.2.15 What action has the NSW Government taken to implement the recommendation of the 2018 NSW Parliamentary Inquiry into Drug Rehabilitation to use a population-based planning model such as the DASP model?
- 4.2.16 Would the implementation of a population-based planning model beyond residential rehabilitation services improve ATS treatment planning and funding more broadly? If yes, how would it assist and which agencies should use it?
- 4.2.17 What are alternative NGO funding models?

OPPORTUNITIES TO CONSIDER NEW FUNDING SOURCES

There are various existing fiscal frameworks available within the NSW Government to prioritise the funding which goes towards addressing ATS use and potentially to generate new funds.

NSW taxation

Currently NSW raises tax revenue through payroll tax, transfer duties, land tax, motor vehicle taxes and gambling taxes. Most NSW taxes are administered by the Office of State Revenue and all are regulated by legislation. A new tax can only be made, or an existing tax changed, under the authority of the NSW Parliament or in accordance with an Act of Parliament.

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Additional Commonwealth investment

Under the *Intergovernmental Agreement on Federal Financial Relations* (**Financial Relations Agreement**), financial and governance agreements are facilitated through National Agreements and National Partnerships. The Council on Federal Financial Relations oversees the Financial Relations Agreement and generally addresses topics of national relevance. There are currently no agreements relating to AOD.

Private-public partnerships

Many private organisations fund social programs solely or in partnership with government. One way to facilitate private investment is through ‘social impact investments’ (**SII**) managed by the Office of Social Impact Investment. SII bring together capital and expertise from the public, private and not-for-profit sectors to achieve a social objective, including the provision of social services and social infrastructure. Payment to service providers is normally contingent on achieving agreed social outcomes rather than on inputs or activities. Within the NSW Government, there are currently nine social impact investments targeting a range of improved social outcomes. There is no NSW social impact investment directly addressing drug use.³⁰

Proceeds of crime funds

The collection of proceeds of crime is governed by Commonwealth and state legislation. NSW proceeds of crime legislation is consistent with the Commonwealth scheme in that it provides for both conviction-based and civil confiscation schemes. However, there are inconsistencies between jurisdictions nationally, which hampers the effectiveness of proceeds of crime legislation in targeting the upper echelons of interstate and international drug trafficking criminal enterprises.³¹

Confiscated funds from the Commonwealth’s *Proceeds of Crime Act 2002* (Cth) (**Proceeds of Crime Act (Cth)**) are deposited into the Confiscated Assets Account, managed by the Australian Financial Security Authority (**AFSA**). The Commonwealth’s initiatives funded through proceeds of crime are reported by the AFSA annually.

During 2017-18, \$33 million was paid into the Confiscated Assets Account, with \$38 million being paid out in program payments, the majority of which contributed to the funding of crime prevention initiatives in Australia, including the following:³²

- ACIC—International Serious and Organised Crime Intelligence Hubs pilot;
- ACIC—National Information Connectivity and Security Trial;
- ACIC—Surveillance Capabilities for High-End Deliberately Encrypted Communication Devices project;
- Australian Commission for Law Enforcement Integrity—Visa Fraud Taskforce;

³⁰ Some current NSW Social Impact Investments include: “Newpin Social Impact Bond” to restore children from out-of-care to their families, “Silver Chain” which provides community-based palliative care, and “On TRACC Investment” that helps parolees re-integrate into the community.

³¹ *Confiscation of Proceeds of Crime Act 1989* (NSW); *Victims Rights and Support Act 2013* (NSW) s 15; *Criminal Assets Recovery Act 1990* (NSW); *Proceeds of Crime Act 2002* (Cth); Commonwealth Parliamentary Joint Committee on Law Enforcement, *Inquiry into crystal methamphetamine (ice)* (First Report, September 2017) 95-103 <https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Law_Enforcement/Crystalmethamphetamine45/First_report>.

³² Australian National Audit Office, *Proceeds of Crime* (Report No 43, 22 March 2017) <<https://www.anao.gov.au/work/performance-audit/proceeds-of-crime>>.

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- AFP—Criminal Assets Confiscation Taskforce – Forensic Accountants and Litigators;
- AFP—Fraud and Anti-Corruption Centre;
- AUSTRAC—International Financial Intelligence and Regulatory Network;
- Equitable Sharing Program.

The Australian National Audit Office and the Commonwealth Attorney-General’s Department have reported on the initiatives funded through the *Proceeds of Crime Act* (Cth).³³ These reports found that funds were largely directed towards crime prevention and law enforcement measures. The Australian National Audit Office reported that between 2010 and 2016, \$161 million had been approved for police and community initiatives. Commonwealth criminal intelligence or law enforcement entities received \$86.7 million which was largely directed towards crime prevention and law enforcement measures, such as the Criminal Assets Confiscation Taskforce, Australian Gangs Intelligence Coordination Centre and National Anti-Gangs Squad. NGOs received a total of \$52.7 million, including \$37.4 million towards the Safer Streets Programme which aims to enhance security and safety of the community. NSW Police received \$12 million to support their involvement in a joint Commonwealth/state taskforce.³⁴

The National Cooperative Scheme on Unexplained Wealth, introduced in 2018, provides for the equitable sharing of recovered proceeds under the *Proceeds of Crime Act* (Cth) between Commonwealth, state, territory and foreign law enforcement entities.

Within NSW, there are two means by which proceeds of crime can be recovered:

- *Confiscation of Proceeds of Crime Act 1989* (NSW) (***Proceeds Confiscation Act***) – the recovery of assets associated with a crime following conviction. For the period 2017-18, the Office of the Director of Public Prosecutions reported that \$6.2 million was confiscated under this Act.³⁵ The Attorney General is the responsible Minister for the Act.
- *Criminal Assets Recovery Act 1990* (NSW) (***Criminal Assets Recovery Act***) – the recovery of assets suspected of criminal origins without a criminal conviction. In 2016-17, the estimated realisable value of the various confiscation orders was over \$29.3 million.³⁶ The preceding 5-year average was \$27.5 million.

All proceeds confiscated under the *Proceeds Confiscation Act*, and some money recovered under the *Criminal Assets Recovery Act*, are paid into the Victims Support Fund. This fund is used for various purposes aimed at supporting victims of crime, including payments made under the Victims Support Scheme and funding for victims groups.³⁷ The remainder of the funds recovered under the *Criminal Assets Recovery Act* is used to administer the Act and in aid of law enforcement, victims support programs, crime prevention programs, programs supporting safer communities, drug rehabilitation or drug education as directed by the Treasurer in consultation with the Minister.³⁸ While annual reports

³³ Australian National Audit Office, *Proceeds of Crime* (Report No 43, 22 March 2017) <<https://www.anao.gov.au/work/performance-audit/proceeds-of-crime>>; Attorney-General’s Department, *Proceeds of Crime Act 2002: Funded Projects* (Report, March 2015) <<https://www.homeaffairs.gov.au/criminal-justice/files/poca-funded-projects.pdf>>.

³⁴ New South Wales received \$12 million for the Polaris Joint Waterfront Taskforce, which included the seizure of 22kg of “ice” and approximately 1kg of cocaine: Australian National Audit Office, *Proceeds of Crime* (Report No 43, 22 March 2017) <<https://www.anao.gov.au/work/performance-audit/proceeds-of-crime>>.

³⁵ Office of the Director of Public Prosecutions, New South Wales Government, *Annual Report 2017/2018* (Report, 1 August 2018) 39 <https://www.odpp.nsw.gov.au/sites/default/files/attachments/2017_-_2018_annual_report_0.pdf>.

³⁶ New South Wales Crime Commission, New South Wales Government, *Annual Report 2017-18* (Annual Report, October 2018) 42 <<https://www.crimecommission.nsw.gov.au/files/annual-reports/annual-report-2017-2018.pdf>>.

³⁷ *Victims Rights and Support Act 2013* (NSW) ss 14-15.

³⁸ *Criminal Assets Recovery Act 1990* (NSW) s 32.

provide information on the estimated value of assets collected through both the *Proceeds Confiscation Act* and the *Criminal Assets Recovery Act*, there appears to be a lack of public transparency about how these funds are being spent.

Submissions – Opportunities to consider new funding sources

Submissions are sought from interested individuals and government organisations and non-government organisations on options to increase funding sources for measures addressing ATS use. The following issues are of particular relevance to the Inquiry:

- 4.2.18 What other sources of funding for ATS services could be made available?
- 4.2.19 What opportunities exist for an ATS-focused social impact investment?
- 4.2.20 Do national and NSW proceeds of crime schemes provide equitable funding to address AOD initiatives? Should the way proceeds of crime are currently distributed be varied? If so, how? Could the existing measures used to confiscate the proceeds of crime be improved? If so, how?
- 4.2.21 Have any proceeds recovered under the *Proceed of Crime Act* (Cth) been shared pursuant to the National Cooperative Scheme on Unexplained Wealth?