



Victorian State Budget 2025-26

VAADA Analysis

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Contact

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Acknowledgement of Country

VAADA acknowledges the Traditional Owners of the land on which our work is undertaken. Our office stands on the country of the Wurundjeri people of the Kulin Nation. We pay our respects to all Elders past and present and acknowledge their continuing and ongoing connection to land, waters and sky.



About VAADA

The Victorian Alcohol & Drug Association (VAADA) is a member-based peak body and health promotion charity representing organisations and individuals involved in prevention, treatment, rehabilitation, harm reduction or research related to alcohol or drugs. VAADA aims to support and promote strategies that prevent and reduce the harms associated with alcohol and other drug (AOD) use across the Victorian community. Our vision is a Victorian community in which AOD-related harms are reduced and well-being is promoted to support people to reach their potential. VAADA seeks to achieve this through:

- Engaging in policy development
- Advocating for systemic change
- Representing issues our members identify
- Providing leadership on priority issues
- Creating a space for collaboration within the AOD sector
- Keeping our members and stakeholders informed about issues relevant to the sector
- Supporting evidence-based practice that maintains the dignity of those who use alcohol and other drugs and related services

VAADA acknowledges and celebrates people and their families and supporters who have a lived and living experience of alcohol, medication and other drug use. We value your courage, wisdom and experience, and recognise the important contribution that you make to the AOD sector in Victoria.

Executive Summary

The 2025–26 State Budget delivers a modest 1.2% increase in funding for Alcohol and Other Drug (AOD) services. This falls short of CPI and the rising cost of doing business—meaning, in real terms, AOD services are facing another year of reduced resourcing. The Budget papers reveal that demand for AOD services continues to outstrip supply, and the government is failing to meet its own performance targets.

The upcoming release of Victoria’s 10-year AOD Strategy is a crucial opportunity for change. It is a chance for a more sustainable, evidence-based system—one that is fit for purpose and capable of meeting the needs of the Victorian community today and into the future.

While there is no funding allocated to the AOD Strategy in this budget as we await its final approval, VAADA reiterates its call that it needs to be backed with a funded implementation plan and evaluation framework to support its establishment.

We have seen major commitments to reform in mental health and family violence following landmark Royal Commissions. Yet even in these areas, the Budget reveals diminishing investment, suggesting a waning appetite for the much-needed reform that our social and community service systems need.

The failure to allocate money to the establishment of the long-promised Aboriginal women’s detox service—due by 2030—is disappointing. It puts a focus on the Aboriginal Health & Wellbeing Partnerships Agreement where this sits as an agreed priority. AOD performance targets are lagging across several priorities in this Agreement. Without dedicated funding, there is a genuine risk that agreed targets will not be met.

It was pleasing to see a commitment in the Budget to AOD interventions for multicultural youth as part of a \$20m investment by the Department of Families, Fairness & Housing. This will go some way to addressing the underservicing and under-resourcing of migrant and refugee communities to deal with AOD issues. Further positive developments for the year ahead include the fixed-site drug checking service commencing imminently, while the ‘Never Use Alone’ overdose prevention helpline is currently being designed for implementation.

VAADA welcomes a boost in pharmacotherapy funding of \$4 million, the 12-month extension to the Aboriginal Metropolitan Ice Partnership, and the \$2.2 million boost to support AOD workforce capacity. Similarly, VAADA sees the \$4.9m for outreach services in North Richmond as an excellent investment in dealing with the increasing service and amenity pressure that the Medically Supervised Injecting Room is experiencing.

These initiatives however should not come at the expense of funded AOD treatment services, which looms large in this constrained Budget. The Victorian Government must consider the shortfalls and pressure points as part of its strategic work to genuinely repair the system. The health of Victorians cannot continue to be put at risk in the face of worrying AOD trends.

Chris Christoforou
Chief Executive Officer

Key takeaways

\$380.8m to be spent on delivery of drug treatment services.

- The 2025–26 Budget allocates \$380.8 million to drug services, a 1.2% increase on the \$376.3 million projected in the 2024–25 Budget. However, actual spending in 2024–25 is \$391.3 million—meaning the new allocation is a decrease against current year expenditure.

\$65m to create a new, integrated tobacco and liquor regulator.

- This includes the development and implementation of the new tobacco licensing scheme.

\$15.45m of new AOD initiatives:

- \$4.9m over two years for outreach services in North Richmond;
- \$4m in 2025–26 to support gaps in Victoria’s opioid pharmacotherapy system;
- \$2.6m over two years to support residential rehabilitation services;
- \$2.2m to support AOD workforce capacity in 2025–26;
- \$1.6m for the Aboriginal Ice Partnership Program in 2025–26; and
- \$150,000 in 2025/26 for First Step to support local capacity issues.

\$10m over two years for the Mental Health Capital Renewal Fund 2025–26 (AOD service providers are eligible to apply).

12-month delay to timeline for completion of Mildura residential rehabilitation facility, now estimated to be completed in the first half of 2027.

VAADA’s take

Wait times:

VAADA is concerned about the government’s targets for wait times between (i) intake and assessment, and (ii) assessment and commencement of treatment. In the previous Budget, the target median wait time from intake to assessment was 10 days, yet the actual median was 16 days. Despite this, the 2025–26 Budget maintains the same budget assumption of a 10-day target.

Similarly, the target wait time between assessment and treatment commencement was 20 days, but the actual median wait time blew out to 44 days—more than double the target. Again, the 2025–26 Budget has retained the 20-day target as its budget assumption.

VAADA makes two key points:

- A 20-day wait between assessment and treatment is already too long. It reflects a low bar for responsiveness, falling short of what effective and person-centred AOD care should aim for.

- A funding increase of just 1.2% will not reduce wait times. AOD treatment is essential and lifesaving, and Victorians deserve timely access to the care they need through appropriate resourcing.

Recurrent funding for small residential services

The government has committed approximately \$30m over four years to support residential AOD services. This is an important recognition that year-by-year funding is unsustainable and cannot provide the continuity these crucial services require to do their important work. Residential AOD services should always be funded over the forward estimates, as annual funding is too unstable and uncertain.

Mental Health Capital Renewal fund (\$10m in 2025-26)

The Mental Health Capital Renewal Fund has been extended with an additional \$10 million in funding, with AOD services eligible to apply. While VAADA welcomes this extension, should a single grant be offered to all non-government mental health and wellbeing services in Victoria, the pool needs to be significantly larger.

Increased investment in AOD supports for multicultural youth

As part of \$20m investment over two years (titled *Investing early in young Victorians*), the Department of Families, Fairness and Housing will fund wraparound AOD supports for multicultural youth (alongside other multicultural youth-focused initiatives in education, employment and social support). This is a welcome investment. Multicultural agencies must be prioritised to lead solutions in their communities.

Continuing to plug holes in pharmacotherapy

The \$4m over 12 months to address gaps in Victoria's pharmacotherapy system is welcome but will continue the crisis response to addressing a lack of prescribers in Victoria. This issue requires a solution that better involves the Commonwealth. Access to pharmacotherapy should not continue to be a lottery.

Pricing review of DTAU

VAADA welcomes the pricing review for drug treatment services scheduled for this coming financial year. With the same pricing structure since 2014, Victoria does not have a system designed for current AOD complexities in the community. This work is overdue and urgent.

Still no Consumer Leadership Agency

Despite commitment from the Victorian Government to establish 'Our Agency' as part of its Phase 2 Mental Health Reform Implementation Plan, no money has been allocated in 2025–26 as scheduled. This is a real blow to consumer-led agencies and runs counter to the recommendations from the Royal Commission to centre people with lived and living experience of mental health in service design and delivery.

Small extension to the AOD trainee placement program

The government has committed funding for an additional 10 trainee placements for Alcohol and Other Drug (AOD) workers via the AOD Traineeship Program. VAADA welcomes the continuation of this initiative—albeit on a much-reduced scale—and will continue to advocate for its expansion as a supported employment pathway to the AOD sector.

No lifeline for Reconnexion

Reconnexion, based in Melbourne, is the only specialist benzodiazepine support and treatment service in Australia. Despite its statewide reach and critical role, lapsing funding and rising operational costs have made it difficult to sustain. VAADA urges the Victorian Government to provide modest top up investment to secure the future of this life-saving program, while working collaboratively with the Commonwealth Government to resource Reconnexion as a national service.

Public service cuts

The 2025–26 Budget outlines significant cuts to the public service, including the loss of 1,200 positions to achieve \$3 billion in savings redirected to other areas. VAADA is concerned about the potential impact of these cuts on AOD policy and program teams within the Department of Health—particularly as these teams have only recently been rebuilt following the 2024 restructure. It is essential that the Department retains the capacity, expertise, and stability in the AOD policy and program areas required to effectively implement the forthcoming AOD Strategy.

Court Services Programs (CSV)

While the Budget includes substantial investment in Victoria’s court system—such as \$114 million for new law courts in Werribee—funding is largely directed toward the tertiary end of the justice system, including courts and corrections. VAADA has previously called for a four-fold expansion of the Bail Support Program to better divert forensic AOD clients away from custody. Disappointingly, this recommendation has not been acted upon.

What allied sectors are saying

Feedback from allied sectors reinforces the need for a coordinated and adequately resourced response to social and community service delivery across Victoria.

Social Services Sector

The Victorian Council of Social Service has welcomed the cost-of-living relief measures included in the Budget. However, it has expressed disappointment at the missed opportunity to address the deeper, long-term social and economic challenges facing low-income Victorians. VCOSS also criticised the continued focus on downstream justice investment, particularly the expansion of Victoria’s already overburdened and costly prison system.

Read VCOSS’s media release [here](#).

First Nations Health

The Victorian Aboriginal Community Controlled Health Organisation welcomes some funding wins for Victorian Aboriginal communities in the 2025-26 Budget, including a \$12.5 commitment to the Dandenong and District Aborigines Cooperative, and \$16m to support Aboriginal women in the journey into motherhood. However, there is no funding allocated to funding urgent mental health services for Aboriginal children, and no direct funding to deliver an Aboriginal-led model of care in custody.

Read VACCHO's media release [here](#).

Multicultural communities

The Ethnic Communities' Council of Victoria has welcomed the \$2.3 billion investment in cost-of-living relief for Victorians, including making public transport free for everyone under 18 years old. Other measures ECCV welcomed include continued funding for eight community support groups in multicultural suburbs, and \$5.7m to support multicultural and faith-based organisations to embed within the family violence sector.

Read ECCV's media release [here](#).

Mental Health

Mental Health Victoria have warned that the 2025-26 Budget fails to deliver the investment needed to keep the state's mental health system reforms on track four years after the landmark Royal Commission. They call for continued investment in the Mental Health and Wellbeing Locals workforce, continuation of community and integrated care programs, and updating the lapsed *Mental Health and Wellbeing Workforce Strategy 2021-2024*.

Read MHV's media release [here](#).

Family Violence

Safe & Equal are pleased that the Victorian Budget does not include any cuts to the specialist family violence sector. The majority of lapsing funding has been renewed on a short-term basis.

However, this is not enough to address the crippling demand for frontline family violence services. They are also calling on the Victorian Government to build 7,990 social housing dwelling per year for the next 10 years.

Read Safe & Equal's media release [here](#).

Homelessness

The Council to Homeless Persons has welcomed the government confirming funding for 19 critical programs. However, CHP warns the 2025-26 Budget falls short of what is required to tackle Victoria's escalating housing crisis, including no new commitments to build more social housing dwellings.

Read CHPs media release [here](#).

Health

The Victorian Healthcare Association has welcomed the \$31 billion investment in healthcare delivered in Victoria's 2025-26 Budget, including a \$400m boost (over four years) to the Victorian Virtual Emergency Department and an additional \$23m to expand the Mental Health and Wellbeing Locals.

Read the VHA's media release [here](#).

Children & Families

The Centre for Excellence in Child and Family Welfare has welcomed the recommitment of funding to a range of family services whose funding was due to lapse this year. Overall, \$297m has been allocated to support families and children, including \$90m to improve outcomes for

children and young people with complex needs, and \$25m for community-led support and advocacy for First Nations children and young people in the child protection system.

Read CFECFW's media release [here](#).

Justice

The Federation of Community Legal Centres has welcomed the continuation of a range of integrated justice programs, including the Family Violence Assistance Fund. However, the Budget has failed to make an investment that would allow the expansion of community legal centres to meet increasing demand. It estimates that nearly 2,000 help seekers are turned away from Victoria's community legal centres every week.

Read FCLC's media release [here](#).