



Victorian State Budget 2026-2027

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 2026/27 Victorian State Budget reaffirms existing commitments by the State Government to the alcohol and other drugs (AOD) sector, with total investment reaching a record \$415.5 million. This includes the welcome continuation of key harm reduction initiatives, the Victorian Pill Testing Service and Public Intoxication Response, alongside new investments in innovative opioid pharmacotherapy programs. The State Budget supports foundational actions aligned with the first horizon of the 10-year Victorian AOD Strategy, including progressing the AOD intake review, commencing system redesign work that underpins an industry plan, along with strengthening neglected Needle and Syringe Programs.

Despite these positive elements, total funding for the AOD sector represents only a modest increase on last year's revised budget — one that fails to keep pace with inflation let alone meaningfully address core challenges that continue to plague Victoria's AOD system. This includes the capacity to respond to growing community demand for help, driven by a surge in illicit substance use, increasing complexity and evolving harms.

Median wait times from assessment to treatment remain at 40 days—double the government's target—while from intake to assessment wait times are almost double their intended target. Sector data reinforces this picture. On any given day in 2025, 4,550 people were [waiting to access AOD treatment](#). The 2026/27 Budget provides no uplift in core capacity to address this backlog or to improve system responsiveness.

While VAADA acknowledges the comprehensive work required to redesign the AOD service system to meet contemporary challenges, the lack of investment to address immediate demand remains a critical gap that leaves us concerned. This is not just about guaranteeing sustainable AOD service delivery today but ensuring there is appropriate capability going forward to intervene earlier, provide the right type of support to individuals and families when they need it and take pressure off the costly crisis end of the service system. Addressing access to timely, effective AOD support for Victorians remains a key priority as we head towards the State Election.

By continuing to invest in a broad range of AOD interventions, the Victorian Government acknowledges the vital role that health and social services play in keeping people who use alcohol and drugs safe, well and connected, and how important this is at a time of increasing challenges. VAADA looks forward to continuing to work with Victorian Government and the Department of Health to reduce AOD harms in the community by realising the vision of the Victorian AOD Strategy.

Chris Christoforou
Chief Executive Officer

Key takeaways

There is a budgeted 4.24% increase in total funding for the Victorian AOD sector next financial year. As of March 2026, the Australian Consumer Price Index (CPI) had risen 4.6% year to date. In simple terms, AOD funding is not keeping pace with inflation. This continues to place pressure on treatment services to meet growing demand. The budget contains no increase in the number of treatment episodes for AOD assessment or counselling, despite clear unmet demand. There is a budgeted increase in the number of episodes of care for residential rehabilitation in 2026/27 which will support temporary sustainability measures and the commencement of the Mildura residential rehabilitation facility.

Table 1. Output Summary, Drug Services Investment

	2025/26 Budget	2025/26 Revised	2026/27 Budget	Variation (25/26 Revised to (26/27)
Drug Services	\$380.8m	\$398.6m	\$415.5m	4.24%

The majority of AOD funding in the 2026/27 State Budget is directed towards the continuation of existing programs and services. While this importantly provides certainty for current services, the lack of growth in resourcing means that organisational and system pressures will be exacerbated, with no clear timeline on when we can expect action to address these issues. The \$14.9m allocated to AOD Community Support Services in 26/27 includes funding to progress foundational actions related to the first horizon of Victoria's AOD Strategy. This demonstrates a commitment by the Victorian Government to progress the implementation of the 10-year plan. Extending the role of the Chief Addiction Medicine Advisor is an important component of this, ensuring an appropriate level of clinical expertise remains in place to support a quality AOD system for Victorians.

The State Budget includes several important measures that support culturally safe, self-determined responses for Aboriginal Victorians in line with the AOD Strategy, including implementation of a much-needed Aboriginal pharmacotherapy program and the continuation of the Public Intoxication Response (PIR). The latter will see some change to the existing PIR service model with an Aboriginal led redesign planned to deliver enhanced place-based models of care and safety from July 2027.

New opioid pharmacotherapy initiatives - such as a two-year low-dose methadone trial are also welcome additions that will further strengthen options for medical interventions that support people out of addiction. The Victorian Pill Testing Service will continue for a further two years supporting enhanced early

warning systems. This a critical and life-saving investment, at a time when illicit drug consumption continues to grow and the vagaries from adulterated supply continue to heighten risks. It is also pleasing to see further investment in the Mental Health and AOD Capital Renewal Fund, which supports critical improvements to health and community service infrastructure that can ensure safe and welcoming facilities for Victorians when they seek help.

[VAADA's 2026 State Budget Submission](#) named 10 key priorities. The table below assesses how AOD-related investments in the 2026/27 State Budget align with asks from the sector.

Table 2. 2026/27 VAADA State Budget Submission priorities

VAADA State Budget Submission priorities	26/27 State Budget Announcements
1. Deliver a funded implementation plan for the Victorian AOD Strategy	<ul style="list-style-type: none"> • Foundational actions aligned to the first horizon of Victoria’s AOD Strategy are included in \$14.9m allocated to AOD services. • There is confirmation of a further two years of funding for the role of the Chief Addiction Medicine Advisor to guide implementation, supported by a new clinical specialist advisor.
2. Develop contemporary, flexible funding and service delivery models	<ul style="list-style-type: none"> • The Department of Health has commenced reviews into pricing and service delivery models. While the budget does not include new money for these projects it is pleasing these have commenced.
3. Develop a Victorian AOD Industry Plan	<ul style="list-style-type: none"> • Initiating a Victorian AOD Industry Plan within reform activity is a corollary of service system redesign work. This must build on current workforce development initiatives such as early career pathways (AOD traineeships/leadership development/AOD nursing), Lived and Living Experience leadership, and accessible training opportunities for the clinical workforce (Elevate).
4. Extend key harm reduction initiatives	<ul style="list-style-type: none"> • The provision of take-home naloxone. • New opioid pharmacotherapy program initiatives, including a low does methadone trial (2 years). • \$5.4m in 26/27 for continuation of the Victorian Pill Testing Service including the fixed site and mobile service while supporting early warning systems that communicate risks in real time around

	adulterated illicit drugs circulating in the community.
5. Support the AOD sector to meet the aspirations of Treaty	<ul style="list-style-type: none"> • The continuation of the Metropolitan Aboriginal Ice Partnerships programs - 2 years. • Self-determined Aboriginal pharmacotherapy program. • The continuation of First Peoples led public intoxication response services.
6. Redesign the Victorian AOD Intake system	<ul style="list-style-type: none"> • No budget allocation identified, but AOD intake system is in frame for review as part of first horizon implementation priorities.
7. Strengthen data capability	<ul style="list-style-type: none"> • Not funded. Remains a critical gap to inform evidence-based decision-making in support of AOD service and treatment planning for Victoria.
8. Establish a recurrent AOD capital infrastructure grants program	<ul style="list-style-type: none"> • Falls short of the \$30 million AOD Capital Infrastructure Fund VAADA called for, though the continuation of the Mental Health and AOD Capital Renewal Fund is welcome (\$10M).
9. Expand withdrawal bed capacity and mental health–AOD hubs	<ul style="list-style-type: none"> • No additional funding to expand withdrawal beds. • No expansion of Mental Health-AOD Emergency Department hubs beyond those already committed to in previous budgets.
10. Improve coordination at key service intersections	<ul style="list-style-type: none"> • The continuation of First Steps' Integrated Care pilot • Continuing services at the Melbourne Drug Court • \$600,000 in funding to continue the community hub in central Footscray, in partnership with the Salvation Army. The Hub provides place-based multidisciplinary harm reduction and outreach supports in the local area.

The 2026/27 Victorian State Budget provides continuity for the AOD sector at a time of growing community need. Investments in harm reduction initiatives, Aboriginal led AOD solutions and foundational reforms linked to the Victorian AOD Strategy are all welcome and demonstrate the State Government's broad commitment to reducing AOD harms in the community in line with the 10-year AOD Strategy.

The State Budget however does not provide the necessary funding to respond to an escalation of need for AOD treatment and support in Victoria. Total funding increases are less than inflation with no substantive uplift in core treatment capacity. Services will continue to face ongoing pressures to meet growing AOD treatment demand and substance use complexity. Many Victorians will remain unable to access the help and care they deserve.

As implementation of the Victorian AOD Strategy progresses, there is a genuine opportunity to address these long-standing deficits. VAADA looks forward to working with all stakeholders to ensure that everyone in Victoria has equitable access to a quality AOD system of care, when, where and how they want it.