



Policy costing

Set aside funding to trial pill testing at festivals to save lives

Party:

Australian Greens

Summary of proposal:

The proposal would involve three components.

- Component 1: Establish a drug testing agency with a number of drug testing sites in capital cities and regional hubs. The number of drug testing sites would be as follows.
 - 2019-20: six drug testing sites in capital cities
 - 2020-21: 10 drug testing sites in capital cities
 - 2021-22: 12 drug testing sites in capital cities, two in regional hubs
 - 2022-23 and beyond: 14 drug testing sites in capital cities, four in regional hubs.

Each site would occupy 50 square metres of commercial space outside of public thoroughfares. Each site would operate three nights per week from 4:00pm to 2:00am, with an additional hour per night for opening and closing operations.

Each site would employ two alcohol and drug workers (Certificate IV qualified), one administrative officer and one security guard. The wages of staff would be indexed each year to the wage price index.

- Component 2: Establish free pill testing services at Australian music festivals.
- Component 3: Commit \$140,000 each year, indexed to the wage price index from 2020-21, for data collection, analysis and communication of results of the drug tests. The Department of Health would be responsible for coordinating these function of the drug testing sites.

The proposal would have effect from 1 July 2019 and would be ongoing.

Costing overview

This proposal would be expected to decrease the fiscal and underlying cash balances by \$23.0 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in departmental expenses.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). The proposal would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

This costing is sensitive to changes in the costs of labour and capital, as well as costs related to leasing, fitting out and maintaining the drug testing sites, including those at festivals.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-3.6	-4.8	-6.3	-8.1	-23.0
Underlying cash balance	-3.6	-4.8	-6.3	-8.1	-23.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

Component 1 – Drug testing agency

- Labour costs for alcohol and drug workers, administrative officers and security officers reflect prevailing market rates. These costs are constant across drug testing sites, and would grow in line with the wage price index.
- The cost of leasing, fitting out and maintaining the agency sites reflects current market research conducted by the PBO and the locations specified in the proposal.
 - The cost of leasing the sites is higher in capital cities than regional hubs.
 - Fitout costs are one-off when establishing the site, while maintenance costs are ongoing and grow in line with the consumer price index.
 - Specialised equipment costs are not expected to fluctuate materially over time.

Component 2 – Pill testing at festivals

- The equipment used for testing pills at festivals would be borrowed from the drug testing agency.
- The costs of setting up drug testing sites at festivals would include furniture, staff travel, accommodation, and disposal fees. These costs would grow in line with the consumer price index.

Methodology

The cost of staffing, leasing, fitting out and maintaining the sites has been estimated based on the policy specifications and assumptions outlined above.

Departmental costs associated with collecting, analysing and communicating the results of drug tests from the testing sites have been set based on the policy specification and grown in line with the wage price index. The efficiency dividend has not been applied to these departmental costs.

The per-attendee cost of free pill testing at festivals was estimated using information from the pill testing pilot report.

The number of contemporary music festival attendees was estimated using data from Live Performance Australia.

All estimates have been rounded to the nearest \$100,000.

Data sources

The Treasury provided economic forecasts as of the 2019 Pre-election Economic and Fiscal Outlook.

Colliers International, 2019. *CBD Office Research and Forecast Report H1 2019*. [Online] Available at: https://www.colliers.com.au/find_research/office/cbd_office_rfr_h1_2019/ [Accessed 04.04.2019].

Fair Work Ombudsman, 2018. *Clerks—Private Sector Award 2010*. [Online] Available at: <http://awardviewer.fwo.gov.au/award/show/MA000002> [Accessed 09.04.2018].

Fair Work Ombudsman, 2018. *Security Services Industry Award 2010*. [Online] Available at: http://awardviewer.fwo.gov.au/award/show/MA000016#P1079_99822 [Accessed 09.04.2018].

Live Performance Australia, 2017. *2017 Ticket Attendance and Revenue Survey Report*. [Online] Available at: <https://reports.liveperformance.com.au/pdf/2017/LPA-Ticket-Survey-2017.pdf> [Accessed 30.05.2019].

Harm Reduction Australia, 2018. *Report on the ACT GTM Pill Testing Pilot: a Harm Reduction Service*. [Online] Available at: <https://www.harmreductionaustralia.org.au/wp-content/uploads/2018/06/Pill-Testing-Pilot-ACT-June-2018-Final-Report.pdf> [Accessed 30.05.2019].

Attachment A – Set aside funding to trial pill testing at festivals to save lives – financial implications

Table A1: Set aside funding to trial pill testing at festivals to save lives – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Expenses					
Departmental					
<i>Component 1 – Drug testing agency</i>	-2.3	-3.5	-5.0	-6.6	-17.5
<i>Component 2 – Pill testing at festivals</i>	-1.2	-1.2	-1.2	-1.3	-4.9
<i>Component 3 – Data collection and communication (Department of Health)</i>	-0.1	-0.1	-0.1	-0.2	-0.6
Total – expenses	-3.6	-4.8	-6.3	-8.1	-23.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms.

A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms.

A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.