



Neighbourhood
Houses Victoria

State Budget Submission

Restoring the viability of Neighbourhood
Houses for Victorian communities

2026-2027



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Executive Summary

- The Neighbourhood House Coordination Program (NHCP) contracts Neighbourhood Houses to deliver a specific number of coordination and open hours.
- Neighbourhood House Coordination Program funding is no longer sufficient for Neighbourhood Houses and Networks to meet their legal obligations to pay their manager at the award rate for the contracted hours of coordination.
- The Neighbourhood House Coordination Program rate is now 20% lower than it was ten years ago in real terms.
- Neighbourhood Houses are reducing their open hours to cut staffing costs with open hours at their lowest level in 10 years, eradicating all gains made following the 2018 expansion.
- Unprecedented rates of insolvency and near insolvency continued in 2024–25 with four NHs winding up due to insolvency.
- Almost half (45% and 46%) of Neighbourhood Houses ran at a loss in each of the past two years
- Neighbourhood Houses, and their volunteer Committees of Management are now forced to fund raise just to turn on the lights, have a phone and internet service etc
- In 2024–25 alone, communities lost \$230 million in benefit from Neighbourhood House activity funds diverted to essential operating costs
- A 25% increase in The Neighbourhood House Coordination Program rate is required to restore the Neighbourhood House Coordination Program to the Government's own 80/20 funding formula
- Twenty-five operational Neighbourhood Houses are in need of Neighbourhood House Coordination Program funding. Eighteen are community run including two Indigenous Corporations.
- Twenty new Neighbourhood Houses are required to meet the needs of around 590,000^[1] additional Victorians since 2018, when the last new Neighbourhood Houses were funded.
- Neighbourhood Houses Victoria, the peak body for the Neighbourhood House sector, is funded significantly less than its equivalents in other states, both on a 'per member' basis and in terms of total funding.

[1] Victorian population data. June quarter 2018 to September quarter 2024

About Neighbourhood Houses Victoria

Neighbourhood Houses Victoria (NHVic) is the peak body for the Neighbourhood House sector.

Representing a membership of 400 independent, community-based organisations across Victoria, we are a trusted source of:

- strategic leadership
- state-wide advocacy
- advice and information
- timely research and data analysis
- professional development
- sector promotion

Our aim is to support Victorian neighbourhood houses in the ongoing development of vibrant, inclusive and connected communities through effective community development.

Victoria's Neighbourhood Houses

**The State Government funds
401 Neighbourhood Houses and
16 Neighbourhood House
Networks reaching to every
corner of the state.**

The most recent data shows that Neighbourhood Houses in 2024:

- Had over 185,000 visits to their local Neighbourhood House each week.
- Collectively, generated a calculable value to the Victorian community of \$921 million in addition to the many outcomes that cannot be measured in dollar terms. This value represents \$21.92 of community benefit for each dollar of Neighbourhood House Coordination Program funding
- Employed over 5,900 Victorians
- Supported 12,000 volunteers
- Ran over 426,000 group activity sessions
- Provided 10,400 referrals
- Provided over 2,921 tons of food relief
- Supported over 3,850 other community groups
- Spent 5,600 hours supporting Victorians to access online government services

Neighbourhood House Budget Priorities

This submission sets out four costed measures to arrest the decline of neighbourhood houses and community centres under the Neighbourhood House Coordination Program (NHCP).

These measures will address the following issues:

- 1. Erosion of the Neighbourhood House Coordination Program**
- 2. Supporting unfunded neighbourhood houses**
- 3. Providing for new neighbourhood houses for a growing population**
- 4. Productivity bottleneck at Neighbourhood Houses Victoria**

NHVic is seeking a State Government investment of \$67 million over 4 years to address these priorities.

Restoring the Viability of Neighbourhood Houses in Victorian communities

ISSUE:

Neighbourhood Houses now require 100% of the grant to cover the employment costs of a coordinator for the DFFH contracted hours at the award rate, leaving nothing to cover operating costs.

The NHCP funds NHs to employ a coordinator to provide a minimum number of coordination hours per week. As part of the 2012 Equal Remuneration Order to address the gender-based pay inequity experienced by community sector workers, the then DHS benchmarked Neighbourhood House Coordination Program funding based on the level 7 award rate Neighbourhood Houses were legally obliged to pay coordinators. Neighbourhood Houses required around 80% of their grant to cover employment costs in line with the departments 80/20 wage/operating cost split.

Subsequent indexation shortfalls have eroded the value of the grant so that Committees of Management for Neighbourhood Houses now require 100% of the grant for wage costs necessary to implement the Neighbourhood House Coordination Program contract leaving nothing for operating costs. The NHCP is now 20% lower than in was ten years ago in real terms.

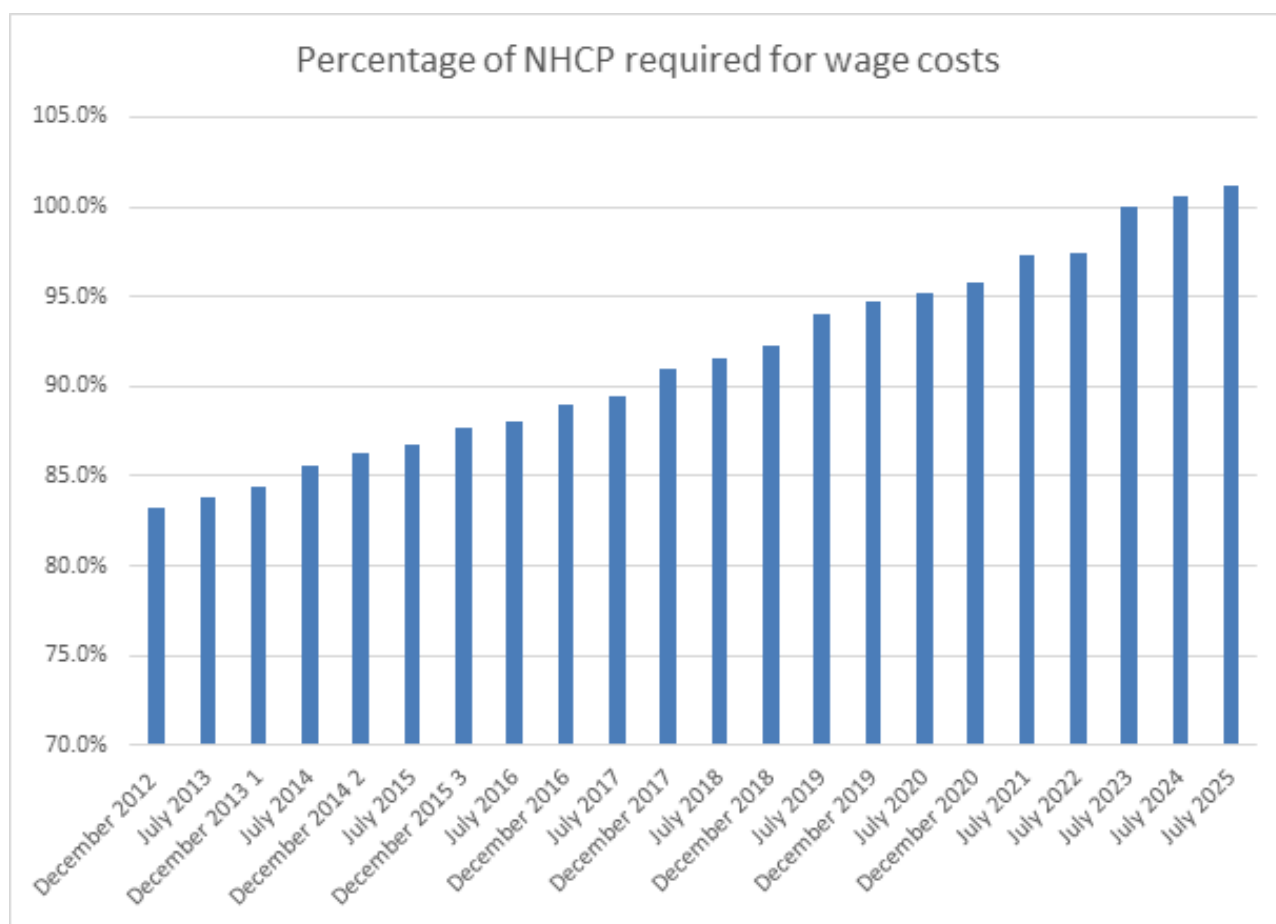
Critically, unlike many other community service organisations, because the Neighbourhood House Coordination Program supports a single position for a fixed number of hours, there is no capacity to structure a mix of staffing roles to operate within the grant's limitations.

Consequently, by 2019, 25% of Neighbourhood Houses registered with the ACNC ran at a loss. While Covid funding provided temporary respite, 45% of Neighbourhood Houses posted a loss in the 23/24 reporting period and 46% in 2024/25. There has been an unprecedented spike in insolvencies or near insolvent Neighbourhood Houses over the last two years.

Neighbourhood Houses are now reducing their opening hours to reduce costs. Average staffed open hours are at their lowest in 10 years and below those achieved in 2019 after the increase in Neighbourhood House Coordination Program hours in 2018. These reductions are in the hours above the contracted Neighbourhood House Coordination Program hours but ultimately reduce community access. For smaller, often rural Neighbourhood Houses there are few if any additional open hours to cut.

The State Government's recent agreement to address the indexation issue, based on an 80% wages/20% operating cost split, while slowing the decline in the value of the NHCP, essentially locks in the unsustainable and still eroding rate.

In 2025/26 the NHCP funding went backwards in real terms despite 3.35% indexation. The CPI rate, which was lower than the national wage case increase (3.5%), was applied to 20% of the grant value. However, because Neighbourhood Houses' award wage obligations for the contracted hours use 100% of the grant, they required 3.5% indexation to avoid going backwards. The same occurred in 2024-25 with a similar decline in real terms in the NHCP rate. This has been exacerbated by the increases in superannuation costs that are not factored into the indexation.



The funding shortfall is acute in smaller rural communities where grant income is harder to attract while the cost of doing business is greater. Greater travel distances at award allowance rates eat into the limited funds they can raise. Almost 30% of Neighbourhood Houses are located in communities in the lowest SEIFA quintile. Their capacity to raise funds from community to pay for essentials like electricity etc is extremely limited.

For every dollar of Neighbourhood House Coordination Program funding, Neighbourhood Houses facilitate \$21.94 worth of outcomes in their communities. The current funding deficit exceeding \$11.6 million annually results in a loss of \$290 million in community benefits as Neighbourhood House raised funds that should be used for community support and activities are diverted to paying essential operating costs.

A 25% increase to the Neighbourhood House Coordination Program rate to restore the 80/20 split will eradicate this ongoing erosion into the future, ensuring the viability of the sector and employment security for the predominantly female work force.

RECOMMENDATION

Increase the Neighbourhood House Coordination Program rate by 25% to restore the 80/20 wage/operating cost ratio for Neighbourhood Houses and Neighbourhood House Networks.

COST

- **\$11.69 million in year one (in 2025/6 dollars)**
- **\$46.75 million over 4 years (in 2025/6 dollars)**

OUTCOMES

- \$230 million in benefits for Victorian communities
- Volunteer committees of management can meet their legal employment and contractual obligations
- Increased open hours to maximise community access
- Over \$11 million currently diverted to operating costs restored to services provision annually
- Reduce or eliminate the Neighbourhood House insolvency rate

Relief for Unfunded Neighbourhood Houses

ISSUE:

Twenty-five Neighbourhood Houses are struggling to operate with no access to NCP funding

No new Neighbourhood Houses have been funded since 2018 despite significant growth in Victoria's population. Communities have responded by establishing Neighbourhood Houses to meet local needs, however these remain unfunded and are therefore limited in their capacity to serve increasing community needs.

Unfunded Neighbourhood Houses include vital infrastructure in rural towns like Omeo Community House and Tablelands Community Centre in Ruffy or Omeo Community House, as well as critical support to young Aboriginal people and the broader First Nations community and fostering education and reconciliation for the wider community like at Nalderun Aboriginal Corporation in Central Victoria.

Others exist in growing communities, some initiated and run by Councils while others are community initiatives with varying levels of income and support such as the Huntly Community Hub in Bendigo's growing northern suburbs.

Evidence showing the exponential increase in benefits to communities from Neighbourhood Houses at 20 hrs/week or more compared to less than 20 hrs led to the first Neighbourhood House Coordination Program funding floor in 2014 which was subsequently increased in 2018. This increase is due to the efficiencies gained through greater continuity of effort, and additional time available to attract programs, projects and activity funding.

Neighbourhood Houses with 25 Neighbourhood House Coordination Program hours deliver 2.3 times the measurable value to their communities compared to those without[1].

The absence of NHCP funding in existing and emerging Neighbourhood Houses inevitably means volunteers and volunteer committee members are thwarted in their endeavours to provide appropriate engagement for their communities.

RECOMMENDATION

Provide the current minimum 25hrs per week Neighbourhood House Coordination Program to 25 existing Neighbourhood Houses currently without Neighbourhood House Coordination Program funding.

COST

- **\$3,240,700 cost in year one (in 2025/6 dollars with 25% rate increase)**
- **\$12,962,700 cost over 4 years (in 2025/6 dollars with 25% rate increase)**

[1] Neighbourhood House Survey 2024 analysis

OUTCOMES

- Increased value of activities to communities of over \$27,250,000 annually
- Transformative effects for community run Neighbourhood Houses with low incomes such as:
 - 25% increase in volunteer numbers
 - 220% increase in paid employment hours
 - 270% increase in number activity sessions run
 - 95% increase in the number of Neighbourhood House users

Planning for Growth

ISSUE:

Victoria's population has increased by 9.2% [1] since 2018, the last expansion in the number of funded Victorian Neighbourhood Houses. However, there is no mechanism to fund any additional or new Neighbourhood Houses.

Seven LGAs experienced population growth above 20% since 2018. However, the absence funding within the Neighbourhood House Coordination Program to support new Neighbourhood Houses in growth areas means emerging communities lack the community infrastructure to participate in diverse activities that strengthen sense of belonging and broader community participation. Sense of belonging and broader community participation are important to wellbeing and social cohesion.

In growth areas, the absence of Neighbourhood Houses exacerbates the challenges of relative social isolation and lack of established community networks. The absence of extended family support, extended commute times increasing the burden of caregivers and a lack of local employment opportunities all contribute to an elevated need for the community development work that Neighbourhood Houses undertake.

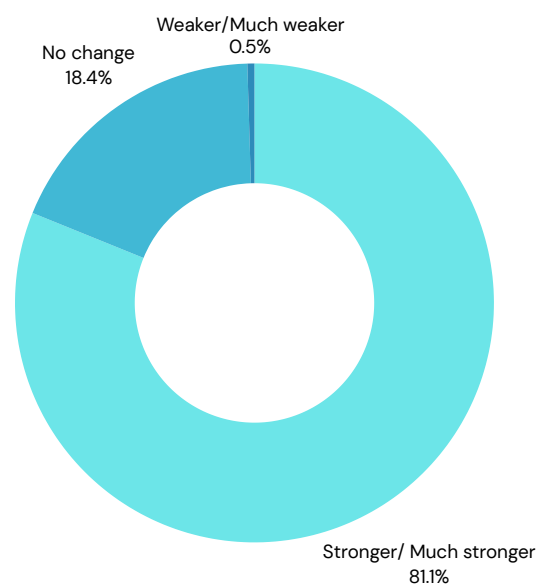
Council community centres in growth areas are underutilised, operating as venues for hire, lacking the community activation that the NHCP enables and the resulting community connection.

[1] [Victorian population data](#). June quarter 2018 to September quarter 2024

Neighbourhood Houses have a proven record of delivering the community strengthening outcomes these growth communities need.

The 2024 Neighbourhood House Participant Survey of over 28,800 Neighbourhood House participants reported strengthened social support networks (73%), increased community involvement (58%) and social connections (95%) as well as a range of improved health and well being outcomes. Spending time with others and meeting new people or making friends were the most commonly identified direct benefits (68%).

Over 81% reported that participating in an activity led to a stronger sense of belonging to the community.



RECOMMENDATION

Establish a growth fund to establish five new Neighbourhood Houses annually over four years at a sustainable Neighbourhood House Coordination Program rate.

COST

- **\$648,130 cost in year one (in 2025/6 dollars with 25% rate increase)**
- **\$ 6,482,000 cost over 4 years (in 2025/6 dollars with 25% rate increase)**

OUTCOMES

Each additional Neighbourhood House would deliver annually[1]:

- Over 25,000 visits – by a diverse range of people including people experiencing mental health issues, family violence, social isolation and other forms of disadvantage
- 1,400 programmed opportunities for social, community and economic participation including skill development, health and wellbeing activities and positive ageing
- Additional \$470,000 raised for community activities and programs such as social connection, health, education and training, English language attainment, environmental projects etc.
- Over 6,000 hours of employment (3.5 FTE positions)
- 2,100 hours of volunteering
- \$14.53 of measurable value to the community for each Neighbourhood House Coordination Program dollar invested
- A stronger sense of belonging to the community for 81% of participants
- Stronger support networks, social connection and improved physical and emotional health and wellbeing for between 73% and 95% of participants

[1] Based on 2024 median levels of activity of metropolitan NHs from the 2024 Annual Neighbourhood House Survey

Fair funding for the Neighbourhood Houses Peak

ISSUE:

The current level of funding for Neighbourhood Houses Victoria is creating capacity constraints, limiting support and training available to Neighbourhood Houses and preventing input into sector critical policy processes and consultations.

NHVic's membership accounts for approximately 30% of the reported Community Service Organisations funded through DFFH and DoH service agreements to deliver human services[1].

Responding to and supporting Neighbourhood House Network interventions when Neighbourhood Houses experience financial and other difficulties has increased demands on NHVic resources.

The diversity of Neighbourhood House activity requires NHVic to monitor, respond to and advise members of change across multiple areas of policy, legislation and regulation.

With 20% of Neighbourhood House coordinators in their role for 1 year or less, continuous professional development is essential.

[1] [Human services | IBAC](#)

NHVic is relied upon to provide assistance, information and advice on issues in addition to the Neighbourhood House Coordination Program regarding state and federal policy and practice which have direct implications for NHs including:

- Emergency relief
- Disaster relief
- Carers
- Social Prescribing
- Early Childhood Education and Care
- Industrial relations including pay table provision
- OH&S and sector health and wellbeing
- Adult Education
- Local Government
- Governance
- Services Australia
- Privacy and data security

These capacity constraints meant for example, that NHVic was unable to respond to a number of recent State Government Inquiries in areas that impact Neighbourhood Houses including:

- Inquiry into Community Consultation Practices
- Inquiry into student pathways to in-demand industries
- Inquiry into Climate Resilience
- Inquiry into Local Government funding and services
- Inquiry into food security in Victoria

Neighbourhood Houses Victoria receives only a quarter of the funding per member received by equivalent peak bodies in New South Wales and Queensland, and only half of the funding in absolute terms.

	\$ recurrent funding	No. of members	\$ per member
Victoria	\$300,000	419	\$716
NSW	620,000	190	\$3,263
QLD	515,500	155	\$3,326
TAS	300,000	35	\$8,571

Neighbourhood Houses have a proven record of delivering the community strengthening outcomes these growth communities need.

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RECOMMENDATION

Increase NHVic's core funding from \$300,000 to \$500,000 per year.

COST

- **\$200,000 cost in year one (in 2025/6 dollars)**
- **\$ 800,000 cost over 4 years (in 2025/26 dollars)**

OUTCOMES

- Increased availability of training for Neighbourhood Houses.
- Ability to participate in critical government consultations that are currently not being responded to.
- Improved responsiveness to information requests from Government and stakeholders.
- Improved coordination and support for sector change across diverse compliance and regulatory processes.



For further information:

Neighbourhood Houses Victoria

Keir Paterson – CEO

0419 109 183 | nhvic.org.au |

keir@nhvic.org.au