



2024-25 State Budget Submission

Restoring the viability of
Neighbourhood Houses in Victorian
communities

About Neighbourhood Houses Victoria

Neighbourhood Houses Victoria (NHVic) is the peak body for the Neighbourhood House sector. Representing a membership of close to 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 as communities were still affected by Covid 19 in 2022:

- over 150,000 visited their local Neighbourhood House each week.
- Collectively, they generated a calculable value to the Victorian community of \$746 million in addition to the outcomes that cannot be monetised. This value represents \$19.34 of community benefit for each dollar of Neighbourhood House Coordination Program funding
- Employed over 5,500 Victorians
- Supported 6,900 volunteers
- Ran over 400,000 group activity sessions
- Provided 13,000 referrals
- Provided over 2,200 tons of food relief
- Supported over 3,500 other community groups

Neighbourhood House budget priorities

This submission sets out three costed measures to ensure the sustainability and ongoing effectiveness of neighbourhood houses and community centres under the Neighbourhood House Coordination Program (NHCP), a \$40M state government program:

1. Restore core NHCP funding to allow for program funding above and beyond award wages for a single part-time coordinator;
2. Provide funding for frontline distribution of food relief, a rapidly escalating burden on Neighbourhood Houses.
3. Ringfence additional budget within the NHCP to fund new neighbourhood houses in rapidly developing growth corridors, before the opportunity is lost.

Restoring the viability of Neighbourhood Houses in Victorian communities

ISSUE: The Neighbourhood House Coordination Program (NHCP) has suffered from a decade of indexation well below the actual cost increases incurred. Neighbourhood Houses now require 98% of the grant to cover the employment costs of a coordinator at the award rate.

In 2012, when agreement was reached to benchmark Neighbourhood House Coordination Program funding at the level 7 award rate, Neighbourhood Houses required around 80% of their grant to cover those costs. This was in line with the departments 80/20 wage/operating cost split. Indexation failures have eroded the value of the grant by over 22% so that Committees of Management for Neighbourhood Houses now require 98% of the grant for wages leaving almost nothing for operating costs.

By 2019, 25% of Neighbourhood Houses registered with the ACNC ran at a loss. While a range of factors are involved, the declining grant value inevitably is a contributing factor. While Covid funding provided temporary respite, we expect that the majority of Neighbourhood Houses posted a loss in the most recent reporting period.

The recent agreement to address the indexation issue, while slowing the decline in the value of the grant, essentially locks in the unsustainable eroded rate.

Neighbourhood Houses are currently reporting the need to cut programs they subsidise including emergency food relief which is not a funded activity. This trend is likely to continue as reserves dwindle.

Recommendation

Neighbourhood Houses Victoria proposes a 22.37% increase in the Neighbourhood House Coordination Program rate to restore the 80/20 split based on current employment costs.

Cost at 2023/24 rate: \$9.8 million

Cost over 4 years at 2023/24 rate: \$39.2 million

Outcomes

- Critical programs such as food relief will be sustained
- Volunteer committees of management can be assured they can meet their legal and contractual obligations

ISSUE: Rapidly growing community demand for food and material relief has placed an unsustainable cost burden on Neighbourhood Houses.

Neighbourhood houses disproportionately operate in lower socio-economic areas – 40% of houses are in the lowest three SEIFA deciles, while 59% are in the lowest five.

During the pandemic, food relief was an urgent need in many of these areas. We saw demand for food and material relief increase from pre-COVID levels of one tonne per day of food to 10 tonnes per day provided to vulnerable community members during 2021.

Post-pandemic, this demand continues to rise and is currently at around 10 tonnes per day. Neighbourhood houses receive no additional funding for food relief or the high energy usage required to operate it. There is no coordinated support for the hundreds of NCHCs that provide food relief and the cost of buying in food has become prohibitively expensive. Without urgent support NCHCs will have no choice but to start turning people in need away.

An example: Eaglehawk Community House is in one of the most disadvantaged postcodes in Victoria. It has seen the demand for food increase year on year (# community members receiving food relief during the month of June):

June 2019	954
June 2021	1,545
June 2023	2,115

The material cost of food relief for Eaglehawk Community House alone is forecast to be \$40,000 for the 2022/23 financial year, including a \$5,300 membership cost from Bendigo Foodshare – approximately \$600 per tonne.

The estimated cost of food only (not including cooking, power, storage, labor and volunteer coordination) for the NCHC sector in Victoria, based on 2022 volumes, is \$1.37M.

Wages costs are estimated to be an additional \$3.5M across the sector just to administer food relief.

Recommendation

Additional funding of \$2.5M to meet the additional community need, to be administered by DFFH or NHVic and allocated to houses based on volume of food relief and SEIFA status, **noting this is only half the additional cost burden.**

Outcomes

- Critical food relief programs can be maintained in a time of high community need.

Planning for growth

ISSUE: Victoria's population has increased by 5.75% since the last expansion in the number of Neighbourhood Houses and presents particular challenges in Melbourne's growth corridors. Melton grew at 6.5% in 2021/22. At the same time, the Victorian Government has announced its strategy to rapidly expand both infill and greenfields developments in peri urban areas. However, there is no funding within the Neighbourhood House Coordination Program to support new Neighbourhood Houses.

There is no mechanism to fund any Neighbourhood Houses that are currently not in receipt of Neighbourhood House Coordination Program funding. Funding is required to support emerging Neighbourhood Houses in existing communities, or to establish the Neighbourhood Houses program

in growth areas with obvious needs.

In growth areas, the absence of Neighbourhood Houses exacerbates the challenges of relative social isolation and lack of established community networks. High levels of 'population churn' and the absence of family support, underdeveloped transport systems and community infrastructure, lack of local employment opportunities all contribute to an elevated need for the community development work that Neighbourhood Houses undertake.

Community centres in growth areas are underutilised as venues for hire, lacking the community activation that the NHCP enables and the resulting community connection. Alternatively, the absence of base 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

Neighbourhood Houses Victoria proposes a growth fund be created within the Neighbourhood Houses Coordination Program for five new Neighbourhood Houses annually over four years.

Cost of 5 Neighbourhood Houses at 2023/24 rate: \$484,380

Cost over 4 years at 2023/24 rate: \$4,843,800

Outcomes

Each additional Neighbourhood House would deliver¹:

- Over 12,000 visits - by a diverse range of people including people experiencing mental health issues, family violence, social isolation and other forms of disadvantage
- 1,056 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.
- 5,800 hours of employment
- 1,770 hours of volunteering

For further information:

Neighbourhood Houses Victoria

Keir Paterson – CEO

0419 109 183 | nhvic.org.au | david@nhvic.org.au

¹ Based on pre-covid levels of activity.