

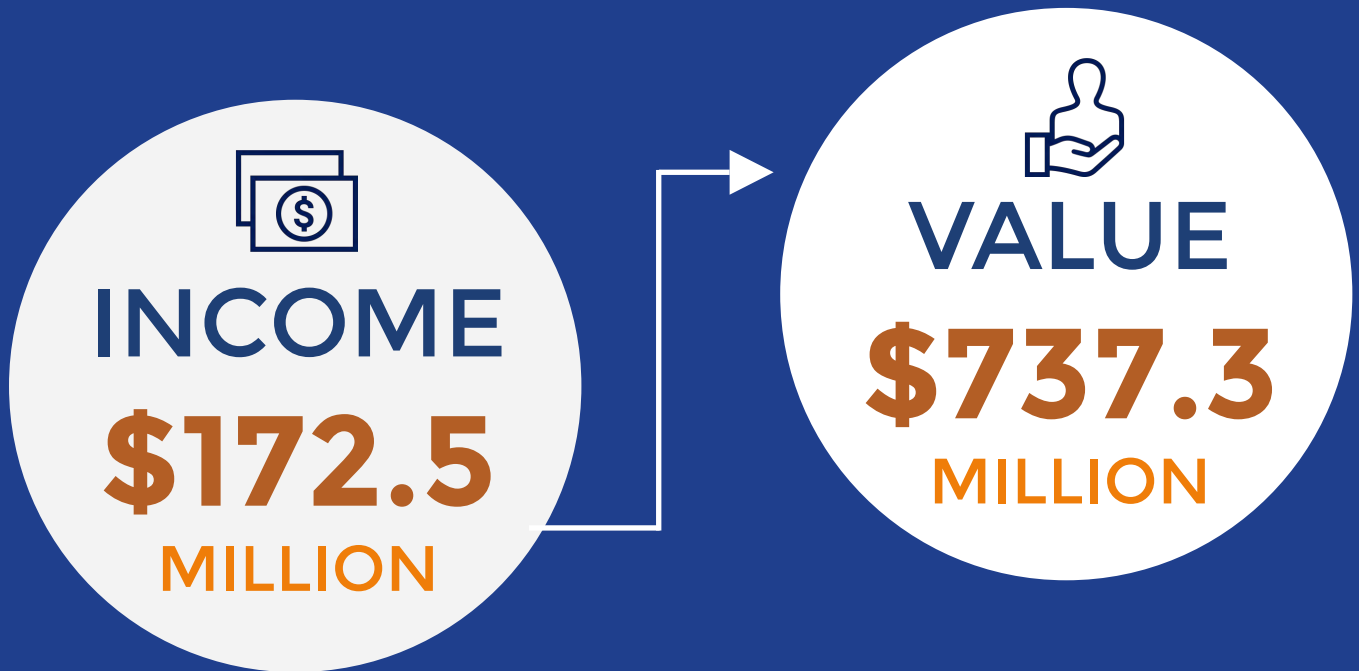


# Neighbourhood Houses Survey 2019

**Neighbourhood Houses Victoria Inc**

Shop B41, Level 4, 744 Bourke Street, Docklands VIC 3008  
(03) 9602 1228 | [info@nhvic.org.au](mailto:info@nhvic.org.au) | [nhvic.org.au](http://nhvic.org.au)  
ACN A0001368L ABN 30 174 498 896

# WHOLE OF SECTOR VALUE



## Emergency relief value includes:

- Food and groceries: \$13,456,634
- Food vouchers: \$257,583
- Cash/prepaid or gift card: \$47,139
- Bill payments: \$407,383
- Fuel vouchers: \$32,739
- Public transport cards: \$42,691

## Services value includes:

- Internet usage: \$441,029
- Room hire: \$17,522,443
- Resume assistance: \$342,267
- Tax help: \$224,100
- Auspicing other organisations: \$332,095
- Community lunch, frozen or other meals: \$2,465,249
- School aged breakfasts \$247,471

## This figure includes the value of:

- Improved quality of life through social connection: \$162,650,820
- Volunteer contributions: \$57,349,350
- Emergency relief: \$14,244,170
- Services: \$21,574,660
- Adult community education: \$468,884,400
- Childcare: \$11,649,760
- Kinder: \$901,530

## This community value equates to:

**\$4.27** for every **\$1** of income

**\$22.05** for every **\$1** of NHCP funding

Over **\$664** for every hour the average neighbourhood house is in use

# Respondents

**323** neighbourhood houses responded to the 2019 Neighbourhood House Survey, representing approximately 79 per cent of all neighbourhood houses in Victoria. This includes 318 of the 401 neighbourhood houses receiving State Government funding through the Neighbourhood House Coordination Program (NHCP) and five neighbourhood houses not receiving any funding through the NHCP.

This year the data is extrapolated to 410 neighbourhood houses to reflect the approximate number of neighbourhood houses in the sector.

## Value to Victorian communities from selected neighbourhood house activities

Victorian neighbourhood houses provided in excess of **\$737.3 million of calculable value** to the community for 2019. This is based on data provided through the Neighbourhood House Survey 2019.

This figure includes the value of:

- **Improved quality of life through social connection:** based on 115,962 participants in programmed activities per week
- **Volunteer contributions:** based on 27,792 volunteer hours per week
- **Food and groceries:** based on 55,929 kgs of food relief provided per month
- **Food vouchers:** based on an average of \$21,465 of vouchers provided per month
- **Cash/prepaid or gift card:** based on \$3,928 cash/card value provided per month
- **Bill payments:** based on \$33,949 of participant bills paid for per month
- **Fuel vouchers:** based on an average of \$2,728 of vouchers provided per month
- **Public transport cards:** based on average \$3,558 of travel cards value per month
- **Internet usage:** based on 12,250 hours of individual computer/internet use per month

- **Room hire:** based on 35,252 hours of room hire with a median value of \$30 per hour
- **Resume assistance:** based on assisting with 951 résumés per month
- **Tax help:** based on completing 2,241 tax returns for 2019
- **Auspicing other organisations:** based on auspicing 521 organisations or groups in 2019
- **Community lunch, frozen or other meals:** based on providing 20,544 meals per month
- **School aged breakfast programs:** based on providing 788 breakfasts per month
- **Government subsidised Adult Community Education:** based on \$27,213,260 of ACE funding from ACFE and or DET
- **Childcare provided:** based on \$11,649,760 total annual childcare income
- **4-year-old kindergarten:** based on \$450,765 total annual kindergarten income

This equates to:

- **\$22.05** Community value for every **\$1** of Neighbourhood House Coordination Program funding to Neighbourhood Houses based on \$33,440,425 of NHCP
- **\$4.27** Community value for every **\$1** of income based on \$172.5 million annual income
- **\$664.11** Community value for every hour the Neighbourhood House is in use based on neighbourhood house buildings in use for 54.1 hours per week on average

We use the term 'community value' because the valuations above incorporate a range of methods depending on the available evidence. These include methods such as social return on investment (SROI), return on investment (ROI) and replacement cost.

All valuations are conservative and based on existing research by reputable organisations using widely used and/or well documented methods as well as benchmarked market values for replacement cost valuations.

The report does not include many community benefits that are not within the scope of the Neighbourhood House Annual Survey to reasonably value including:

- all services and activities not listed above or their flow on economic or social benefits (except social connection) including hobby courses, exercise classes, referral, counselling or social support, community transport etc

- agencies or brokered in services such as Centrelink, maternal child and health etc.
- social enterprises or the economic multipliers from indirect or induced economic activity
- intangible benefits such as community pride and sense of belonging, leadership development, community voice through advocacy, increased personal independence etc.

In effect, this work calculates some of the value to community from some of the activities neighbourhood houses undertake. The total community benefit is significantly greater than what has been valued here.



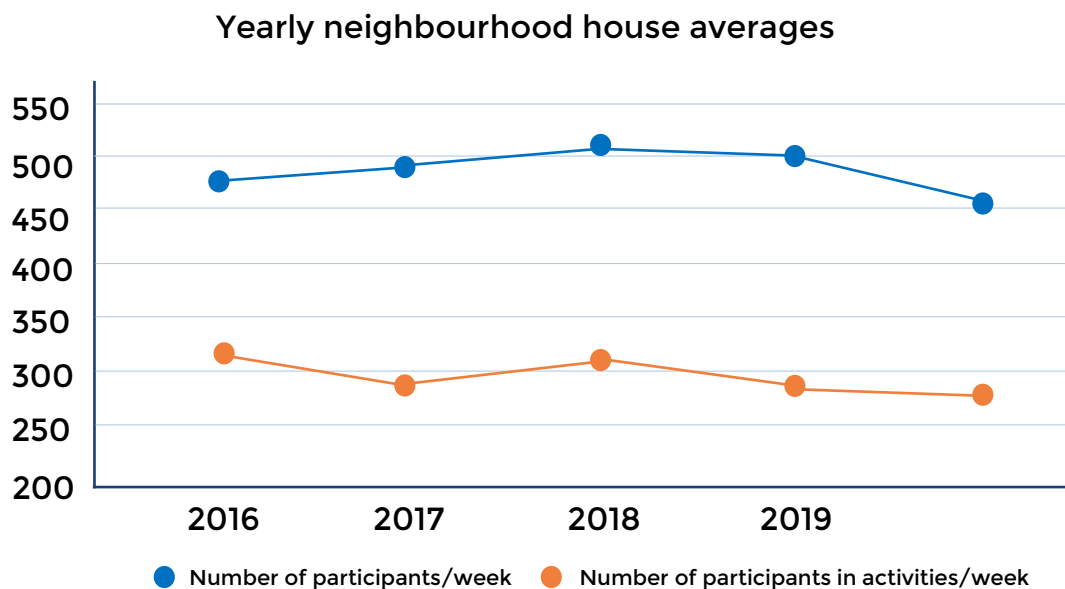
Carlton Neighbourhood Learning Centre’s Community Garden Compost program has provided community members the opportunity to expand their knowledge of gardening, composting, harvesting and healthier cooking. For many students, who live in the Carlton high rises, this was a major learning opportunity given their lack of access to garden spaces. The program has increased participant’s confidence, speaking skills, financial skills, marketing, planning and negotiating skills, all of which will support their employment prospects. Participants also reported improved physical and mental health as a result of participating in the program.

# Participation

For the first time since standardised neighbourhood house data has been collected in the current format, neighbourhood houses reported lower levels of participants attending.

Approximately **184,900 people attended each week**, down by 10.4 per cent on last year's record high. However, most of this decline was not from participants in neighbourhood house programmed activities which declined by only 3.2 per cent to 115,962 per week. This is in line with a one per cent decrease in gross income which represents a more significant decrease in real terms, primarily due to increased labour costs<sup>1</sup> and inflation.

While participants in neighbourhood house programmed activities fluctuates over time, total participants, which includes other groups that use the neighbourhood house for activities, has until now increased year on year but with the rate of growth slowing as demonstrated in the chart below.



The decline in participants is not distributed evenly. The average number of participants declined by 14 per cent in metropolitan neighbourhood houses

<sup>1</sup> Labour costs account for the largest area of expenditure for neighbourhood houses. The 2012 equal remuneration order increases labour costs at a greater rate for community service sector workers than most other parts of the economy and these costs are not fully covered by indexation from funding bodies.

compared to between one and five per cent for neighbourhood houses in the different sized rural communities.

The reason for this decline is unclear given the number of internal organisational and external factors that may influence this figure such as the rollout of the NDIS, organisational restructuring etc.

In addition to those attending neighbourhood houses, more than **457,000 people attended events** run by Victoria's neighbourhood houses in 2019. These events include markets and festivals.



Good People Act Now (GPAN) is a youth-led prevention of violence against women project by Banksia Gardens Community Services, empowering young people to take action on the issue of gender inequality in their local community. The project recruits young people aged 16 to 28 years to undergo training and become leaders amongst their peers, equipping them with tools to challenge harmful beliefs and attitudes that proliferate a culture of disrespect. In particular, it focuses on peer to peer bystander action, skilling up participants in how to safely challenge sexism, gendered norms and stereotypes as they witness them.

The local government area of Hume has the highest incidence of violence against women in the Northern Metropolitan Region (1,554.6 per 100,000 people, compared to 1,206.8, for the region and 1,288.7 for Victoria). The program was conceived in response to this, and due to the lack of any other direct, grassroots prevention initiatives in the northern suburbs.

# Programs and activities

This survey collected new data on which groups within the community neighbourhood houses' programmed activities are aimed at. Unsurprisingly, most neighbourhood house activities are made available to the community in general and do not target any particular groups. This is consistent with the perspective that neighbourhood houses provide a universal service. Other activities target particular cohorts by their nature e.g. childcare and homework clubs for children and English language and cultural activities for the CALD community.

For those activities that were aimed at particular groups, seniors were the most targeted group, followed by people on low incomes, job seekers, culturally and linguistically diverse (CALD) Victorians, people with disability and people with experience of mental health issues. However, there are important nuances within this data.

Looking at the most targeted groups within activity types (excluding the general public):

- **Seniors** were the most targeted group across 12 of the 25 activity types, notably for health and wellbeing activities e.g. walking, yoga, exercise, meditation, healthy eating/cooking etc, social connection, community transport and for digital literacy.
- **People on low incomes** were the most targeted group for food security and family support programs.
- **Job seekers** were the most targeted group for accredited and pre-accredited training as well as volunteering.
- **CALD Victorians** were the most targeted group for English language and cultural activities
- **Children and young people** were most targeted for age specific activities such as playgroup, childcare and kinder as well as the Victorian Certificate in Applied Learning (VCAL).
- **People with disability** were the most targeted group for literacy and numeracy.

The above analysis provides a perspective in terms of the total volume of activities targeted to specific groups. However, not all neighbourhood houses provide all of the activity types in the survey, e.g. only around one quarter are funded to provide childcare, whereas virtually all provide social connection activities, so it is also valuable to consider how the different activity availability in neighbourhood houses influences these outcomes.



To get a sense of how neighbourhood houses are targeting cohorts relative to their activity mix, we ranked the number of neighbourhood houses targeting each group within each activity type and then averaged the rankings for each target group to get an overall average ranking. This produces an alternative perspective where:

- People on low incomes had the highest average ranking across all activity types as they more likely to be ranked in the top two target groups for each activity type than seniors.
- Jobseekers were also ranked more highly across a broader range of activity types than seniors who were the third highest ranked on average.
- They were followed by people with a disability, CALD community members and people with experience of mental issue



Morwell Neighbourhood House's repair café is an environmental sustainability and social inclusion initiative where community members come together to repair items in a fun and friendly environment. In addition to reducing waste to landfill, the repair café provides a space for community members to gather and help one another out and learn new skills. The initiative isn't simply limited to repairing household items either - the door is open to people who could share a special skill such as painting, instrument-tuning or sewing.

## Volunteering

Volunteering received a boost with **1,389,600** hours of volunteering for 2019. The number of active volunteers each week increased to **6,940** from 6,580 in 2018. The average number of weekly volunteer hours contributed also increased from 63 in 2018 to **68** hours per neighbourhood house per week.

## Staff

Victoria's neighbourhood houses are managed by staff with a collective experience exceeding 2,500 years. On average Neighbourhood House coordinators have been in their role for 7.3 years, slightly lower than last year's 7.6 years. The median number of years in the role is 5.

Of the **5,460** employee or contractor roles within neighbourhood houses only 5 per cent are full time with 34 per cent part time and 35 per cent casual or sessional. This reflects the part time nature of the NHCP for the vast majority of neighbourhood houses, with the average house funded for less than 27 coordination hours per week, as well as the significant program based income, particularly for adult community education.

## Emergency relief

The survey also captured for the first time data on some of the emergency relief work undertaken by neighbourhood houses. This generally occurs where a need in the community is not able to be met by charities or other services, including where the services do not exist, or alternatively where people may be excluded from or otherwise unable to access other services.

Just over a third of neighbourhood houses in the survey provided emergency food relief. However, this was not evenly distributed across the state. Around 40 per cent of neighbourhood houses in disadvantaged communities, based on their postcode's SEIFA decile ranking (1-5), provided food relief compared to 24 per cent in the more advantaged SEIFA deciles (6-10). In geographic terms, 28 per cent of metropolitan neighbourhood houses provided food relief compared to 39 per cent in rural communities.

The provision of other forms of material relief such as financial assistance or vouchers were less common. Just 6 per cent of metropolitan neighbourhood house provided this type of material relief and 12 per cent of rural neighbourhood houses.

## Support of other groups/organisations

Neighbourhood Houses continued to support other organisations and groups with the number of groups using neighbourhood house facilities increasing slightly to over **4,090** or an average of 10 groups per neighbourhood house.

Over 2,550 received other kinds of support with over **520** directly auspiced by neighbourhood houses. Critically, this auspicing enables groups to receive and account for funds through their neighbourhood house as well as providing public liability and other protections enabling a range of activities to occur that may not otherwise.



Farnham Street Neighbourhood Learning Centre's Resilient Refugee Youth project improves the quality of life for young, newly arrived refugees. It teams them up with a mentor who is responsive to their individual needs, providing them with guidance and assistance to achieve their personal, educational and professional aspirations. The project helps them to realise their full potential and enables them to meaningfully participate in their community. The key outcomes of the project have been improved health and social wellbeing, and a reduction in unemployment.

# Appendix A: Community value calculation methods

These valuations are based on 323 valid survey responses. They have been extrapolated to 410, the number of Neighbourhood Houses funded by the Department of Health and Human Services through the Neighbourhood House Coordination Program (NHCP) together with NHVic member Neighbourhood Houses that remain unfunded through the NHCP.

The extrapolation formula to determine values for the additional 87 Neighbourhood Houses used in most cases was:

- the percentage of the sample undertaking the activity X 87 X median value of the activity for those who undertook it from the survey sample.

The number of providers of childcare, kinder and adult education is known, so the extrapolation formula used was:

- the number of missing providers for each category X median value of the activity for those who undertook it from the survey sample.

For income, participation rates, volunteering and the value community connection, where there are significant variations based on community size, the median for each community type was determined and multiplied by the number of Neighbourhood Houses not captured in each category as per the example below.

Community connection calculation method for Neighbourhood Houses not captured in the 2019 survey	Median connection value	Number of missing Neighbourhood Houses	Missing connection value from medians
Rural: population below 3,000	\$88,423	10	\$884,231
Regional/Rural: population greater than 10,000	\$164,063	3	\$492,190
Metropolitan	\$480,621	56	\$26,914,764
Rural: population between 3,000 and 10,000	\$140,748	18	\$2,533,456
<b>Total</b>		<b>87</b>	<b>\$30,824,642</b>

## Social Connection

In 2018, Deloitte Access Economics produced a report<sup>2</sup> that determined a monetary value for the community connection work of Morwell Neighbourhood House. The method, detailed in the report, uses existing research to calculate the contribution of community connection to a Quality-Adjusted-Life-Years (QALYs)<sup>3</sup>. Quality-Adjusted-Life-Years is the most widely used approach for estimating quality of life benefits in economic evaluations<sup>4</sup>.

The report assumed that 50% of the annual unique visitors to the neighbourhood house were one off or infrequent for the purpose of their calculations. Appendix C of their report outlines the detail on their method.

Because programmed activities are group activities run over a period of time and therefore not attended in a one-off or infrequent way, using the number of participants per week in programmed activities figure from the

<sup>2</sup> [http://www.morwellnh.org.au/wp-content/uploads/2018/05/MNH\\_Social-Impact-Analysis\\_May-2018\\_.pdf](http://www.morwellnh.org.au/wp-content/uploads/2018/05/MNH_Social-Impact-Analysis_May-2018_.pdf)

<sup>3</sup> [https://www.pmc.gov.au/sites/default/files/publications/Value\\_of\\_Statistical\\_Life\\_guidance\\_note.pdf](https://www.pmc.gov.au/sites/default/files/publications/Value_of_Statistical_Life_guidance_note.pdf)

<sup>4</sup> <https://www1.health.gov.au/internet/publications/publishing.nsf/Content/illicit-pubs-needle-return-1-rep-toc-illicit-pubs-needle-return-1-rep-5-illicit-pubs-needle-return-1-rep-5-2>

Neighbourhood House survey allows for a conservative calculation of the numbers of visitors potentially obtaining social connection benefits.

The number of weekly participants in programmed activity is multiplied by the percentage of participants that identified “meeting new people/making friends” and/or “spending time with others” as benefits of attending their neighbourhood house based on each Neighbourhood House’s 2017 Participants Survey<sup>5</sup>. These two reported benefits are used in the Deloitte calculations and are most strongly associated with participants who identified attending for various programmed activities including, social and support groups, job training and support and other courses and classes.

The \$ Values are expressed in 2019 equivalents i.e. CPI adjusted Quality Adjusted Life Year value of \$195,177, which is consistent with Deloitte’s method.

The value of your Neighbourhood Houses increased social connection is calculated using this formula:

*Number of participants in activities X 1 QALY (\$195,177) X percentage of people identifying a social connection benefit X contribution of social connection to a QALY (3.84%) X the extent to which contribution of social connection to a QALY can be attributed to attending the Neighbourhood House (28.57%).*

The use of the participants in programmed activities as the basis for the calculation is conservative as it uses a typical weekly attendance figure. The actual total number of participants in programmed activities over a year will be greater as new people participate in activities over the course of a year. In addition, it does not include volunteers, 62% of whom report a social connection/participation benefit state-wide, nor does it include regular informal attendance i.e. drop ins where relationships are also built and maintained.

Deloitte further calculate the value of increased connection through increased participation in the broader community due to participation at the Neighbourhood House using the formula above for 10% of the participants.

## Volunteering

Volunteering value is based on the replacement cost of volunteers’ labour. This is valued at \$42.99 per hour. This is based on the method recommended by Our Community<sup>6</sup> which uses the ABS average weekly earnings per hour as of May 2019.<sup>7</sup>

The formula for calculating the community value of volunteering is:

*Number of volunteer hours per week X weeks open per year X volunteer hourly replacement rate*

This is a conservative valuation. For example, it does not include the value of the services provided as a result of volunteering or the contribution to the economy and taxation from participating in volunteering, e.g. cost of travel to the place of volunteering.

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<sup>5</sup> Where a neighbourhood house’s participant data are absent or unreliable due to sample size, an average of neighbourhood houses in similar sized communities with similar incomes is used. Income is a proxy for volume of activities delivered through a neighbourhood house.

<sup>6</sup> <https://www.fundingcentre.com.au/help/valuing-volunteer-labour>

<sup>7</sup> <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>

## Emergency relief

### Food and groceries

The value to community of emergency food relief is based on work undertaken by Foodbank in Australia<sup>8</sup>. Their social return on investment analysis determined that food relief was valued at an average \$20.05 per kilogram of food in 2014 dollars. This valuation included the value of:

- Improved physical health (children)
- Better performance at school (students)
- Better social relationships
- Increased sense of self-worth
- Improved standard of living
- Improved physical health
- Increased emotional wellbeing
- Reduced waste and greenhouse emissions

While the cost of food has increased since 2014, the change in value of the social benefits is unclear. For this reason, we have retained the \$20.05 figure making this a conservative evaluation.

The formula for calculating the community value of food and groceries is:

*Number of Kgs distributed for an average month X 12 (months) X \$20.05*

### Food vouchers

Based on the dollar value of vouchers given out. This is a conservative valuation as it does not include the benefit derived from accessing food such as improved health and wellbeing, improved school performance for children etc. The formula for calculating the community value of food vouchers is:

*Total \$ value of food vouchers distributed in an average month X 12 (months)*

### Cash/prepaid or gift cards

Based on the dollar value of cash or gift cards given out. This is a conservative valuation as it does not include the benefit derived from items purchased such as improved health and wellbeing, improved school performance for children, added value to the economy etc. The formula used for calculating the community value of cash/prepaid or gift cards is:

*Total \$ value of cash/prepaid or gift cards distributed in an average month X 12 (months)*

### Fuel Vouchers

Based on the dollar value of vouchers given out. This is a conservative valuation as it does not include the benefit derived from increased access to transport or the alternative use of funds that would otherwise have been used for transport such as improved health and wellbeing, improved school performance for children etc. It also does not include benefits to the local economy. The formula used for calculating the community value of fuel vouchers is:

*Total \$ value of fuel vouchers distributed in an average month X 12 (months)*

### Bill payments

Based on the dollar value of bills paid by the Neighbourhood House for individuals in need. This is a conservative valuation as it does not include the benefit derived from increased access to services for which bills were paid or the alternative use of funds that would otherwise have been used for transport such as improved health and wellbeing, improved school performance for children etc. It also does not include benefits to the broader economy. The formula used for calculating the community value of bill payments is:

*Total \$ value of participants' bills paid in an average month X 12 (months)*

### Public transport cards

Based on the dollar value of public transport cards given out. This is a conservative valuation as it does not include the benefit derived from increased access to transport or the alternative use of funds that would otherwise have been used for transport such as improved health and wellbeing, improved school performance for children etc. The formula used for calculating the community value of public transport cards is:

*Total \$ value of public transport cards distributed in an average month X 12 (months)*

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<sup>8</sup> <https://www.foodbank.org.au/wp-content/uploads/2019/06/Foodbank-Hunger-Report-2014.pdf>

## Services

Except for school breakfast clubs, service valuations in this section do not include additional benefits from the service such as improved health, job prospects or employment nor the auspiced community groups' outcomes. This is due to the absence of appropriate research that quantifies these benefits.

### Room Usage

Based on the number of hours of room use by external groups and organisations per month and the cost of hiring an equivalent space locally as determined by each Neighbourhood House. Where no value or below median value was reported, the replacement value is based on the median reported cost of \$30<sup>9</sup>. This is to reflect a minimum value to community rather than a replacement cost that is not reflective of broader market values. The value does not include the benefits to community of the room use activity such as improved health, improved access to information, reduced cost to services, increased economic activity etc.

The formula used for calculating the community value of room hire is:

*Total number of hours of room hire in an average month x 12 months X cost per hour of local equivalent (either supplied or \$30).*

### Internet/computer usage

Based on the number of hours of internet or computer use by individuals in an average month. This is benchmarked to the cost of a commercially available equivalent i.e. internet kiosk regardless of whether a commercial alternative is available. Note that free wifi is not an equivalent as there is no support or equipment made available. Commercial rates from \$3-\$5<sup>10</sup> have been benchmarked. The lower rate is used to account for the variation in the equipment and software provided. The rate does not include non-market benefits such as family connection, benefits from accessing or managing government services etc. The formula used for calculating the community value of internet/computer use is:

*Total number of hours of internet/computer in average month x 12 months X \$3*

### Resume assistance

Based on the cost of a resume service for a fee. The fee was benchmarked at the median price of \$50 on airtasker.com<sup>11</sup>. The value was discounted to \$30 to account for the fact that Neighbourhood Houses may provide a participant with assistance in developing a resume rather than creating a full resume as a service. The formula used for calculating the community value of resume assistance is:

*Total number of resumes assisted with in an average month X 12 (months) x \$30*

### Tax help

Based on the cost of the cheapest commercial tax service found online<sup>12</sup> at \$100 per tax return. This is a conservative valuation as many tax help clients have multiple and/or complex returns which attract additional fees at commercial tax service providers. The formula used for calculating the community value of Tax Help is:

*Total number of tax returns lodged in 2019 x \$100*

### Auspicing other organisations

Based on the cost of purchasing public liability cover which groups would have to take out if they were not covered by the Neighbourhood House under auspicing arrangements. The price is benchmarked at \$637 for annual cover provided by Local Community Insurance Services.<sup>13</sup>

The formula used for calculating the community value of auspicing other organisations is:

*Total number of organisations auspiced in 2019 x \$637*

### Community lunch, frozen or other meals

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<sup>9</sup> Based on 255 valuations from the 2019 Neighbourhood Houses Survey

<sup>10</sup> <https://www.facebook.com/dsinternet512/?rf=710935435612179> <https://www.facebook.com/galaxysonicgaming>

<sup>11</sup> <https://www.airtasker.com/writing/resume-writing/>

<sup>12</sup> [www.taxtoday.com.au/information/fees/](http://www.taxtoday.com.au/information/fees/)

<sup>13</sup> <https://www.localcommunityinsurance.com.au/>

Based on the cost of purchasing a meal commercially, this has been benchmarked at \$10 per meal. This is benchmarked based on the prices quoted by ING, and numbeo.com<sup>14</sup> ranging from \$13 to \$25. It is discounted to \$10 per meal to account for regional price variation. While many meals provided at community lunches are likely to be a form of emergency relief, participants may attend community lunches for other reasons such as for company or a lack of cooking skills. Because we are unable to distinguish between the two, meals provided are not valued as emergency relief.

The formula used for calculating the community value of community lunches, frozen or other meals is:

*Total number of individual meals served/provided in an average month x 12 months x \$10*

#### School aged breakfast clubs

The value to community of food provided through school breakfast clubs is based on work undertaken by Foodbank in Australia<sup>15</sup>. Their social return on investment analysis determined that school breakfast clubs were valued at an average \$110 per kilogram of food in 2014 dollars. This valuation included the value of:

- Improved physical health (children)
- Better performance at school (students)

Based on data from their report, the average breakfast is valued at \$31.40 in 2014 dollars. While the cost of food has increased since 2014, the change in value of the social benefits is unclear. For this reason, we have retained the \$31.40 figure making this a conservative evaluation.

The formula used for calculating the community value of school aged breakfast programs is:

*Total number of individual breakfasts served/provided in an average month x 10 months x \$31.40*

#### Government subsidised Adult Community Education (ACE)

Based on analysis of the Allen Consulting's 2008 report, The Economic Benefit of Investment in Adult and Community Education in Victoria<sup>16</sup> commission by the ACFE Board. While there have been significant subsequent structural changes that have occurred in the VET sector, the work is most relevant because it examines the Victorian ACE sector specifically and includes pre-accredited as well as accredited training. The analysis discounts the value of pre-accredited compared to accredited training by estimating a proportional certificate equivalence.

Its use to estimate community value is also adopted because it is conservative in that it does not:

- include the significant known non-market benefits such as improved health, reduced criminality and welfare dependency etc. estimated to be equal in value to the market benefits
- include 36.3% of student contact hours to account for those with no market benefit
- include the direct contribution of ACE provision to the economy (direct and induced economic impact of provider expenditure and wages)
- include the benefits provided to community from \$10.09 additional tax revenues from increased income and gross state product for each dollar invested by the Victorian government in ACE
- account for the increased focus on delivery of pre-accredited training with market benefits since 2008
- account for tighter targeting of vocational training to industry demand

This report effectively values two principle community benefits at \$17.23 for each dollar of government funding. It is the value created over a 25-year timeframe from the learning provided. This rate is comparable with other work conducted locally and internationally. From a single year of state government investment of \$36.7 million, the report models:

- Future income – \$202 million
- Increased gross state product – 2.13 times the income effect - \$202 million x 2.13 = \$ 430.26 million
- Total \$632.26 million / \$36.7 million state government funding = \$17.23

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<sup>14</sup> <https://www.numbeo.com/cost-of-living/in/Melbourne> , <https://blog.ing.com.au/money-matters/saving/dust-off-your-lunch-boxes/#article-1811>

<sup>15</sup> <https://www.foodbank.org.au/wp-content/uploads/2019/05/Foodbank-Hunger-in-the-Classroom-Report-May-2015.pdf>

<sup>16</sup> [https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/other-publications/pre2010/ACG\\_economic\\_benefit\\_of\\_investment\\_adult\\_education.pdf](https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/other-publications/pre2010/ACG_economic_benefit_of_investment_adult_education.pdf)



By comparison, a 2017 study from the University of Adelaide's South Australian Centre for Economic Studies<sup>17</sup> showed a return on investment for Cert I foundation courses averaging just 34 student contact hours at \$6.50 for each dollar of funding. However, the average SCH rate of \$43.70 was about 4.8 times the value of \$9.10 ACFE rate so equates to over \$31 return on investment for the same volume of activity if conducted as pre-accredited in Victoria. The study also only included the benefit of increased income and Victorian transition rates to Cert III and above for Learn Local students, with the corresponding higher income earning potential, are much higher<sup>18</sup> than those in the South Australian study.

Work that includes a more comprehensive range of non-market benefits values Government subsidised Adult Community Education at much higher rates. A New Zealand analysis from Price Waterhouse Coopers<sup>19</sup> valued ACE returns, including a range of non-market benefits, up to \$72 for each \$1 invested. While the comparisons differ substantially in many ways, all add significant value because they focus on disadvantaged learners. Any potential overstatement of community value due to the changes in the structure of ACE since 2008 are more than compensated for by the value of other benefits not included in the calculation. The formula used for calculating the community value of Government subsidised Adult Community Education programs is:

*Total \$ value of government student contact hour subsidies in 2019 X 17.23*

#### Childcare

There is inadequate research to determine the value to community of occasional childcare beyond the actual value of the service.

The formula used for calculating the community value of childcare is:

*Total \$ value of government subsidies + parent fees in 2019 X 1*

#### Four-year-old Kinder

Based on a 2019 Price Water House Coopers study<sup>20</sup> which valued early childhood education in the year-before-school. It calculated a \$2 benefit for each dollar of costs.

The formula used for calculating the community value of four-year-old kinder is:

*Total \$ value of government subsidies + parent fees in 2019 X 2*

#### Community value relative to inputs

##### Community value for every \$1 of Neighbourhood House Coordination Program (NHCP)

Shows the total calculable community value from the organisation for each dollar of NHCP funding received. The NHCP provides the platform to develop and attract funding for the various activities the organisation undertakes.

The formula used for calculating the community value for each dollar of NHCP is:

*Total community value/ total NHCP for the reported year*

##### Community value for every \$1 of income

Shows the total calculable community value from the organisation for each dollar of income received.

The formula used for calculating the community value for each dollar of NHCP is:

*Total community value/ total annual income for the reported year*

##### Community value for every hour the Neighbourhood House is in use

Shows the total calculable community value as an average for each hour the Neighbourhood House is in use. 'In use' includes any time of the week or day when activities are occurring, regardless of whether the organisation is staffed or open to the broader public. It does not reflect concurrent usage i.e. multiple activities occurring simultaneously for one hour are counted as 1 hour of use, even if these activities occur at different sites operated by the organisation. It is essentially an expression of community value from a building utilisation perspective. The calculation assumes activities take place over 50 weeks in the year.

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<sup>17</sup> South Australian Centre for Economic Studies. The Economic and Social Impact of the Adult Community Education (ACE) Sector. University of Adelaide; 2016.

<sup>18</sup>

[https://www.education.vic.gov.au/Documents/about/research/acfepublications/Participation%20training%20outcomes%20and%20patterns%20report\\_FINAL\\_Nov%202017.pdf](https://www.education.vic.gov.au/Documents/about/research/acfepublications/Participation%20training%20outcomes%20and%20patterns%20report_FINAL_Nov%202017.pdf)

<sup>19</sup> <http://www.crystaladventures.co.nz/ACE/ACE%20Price%20Waterhouse%20Coopers%20Research%20Summary%20V4.pdf>

<sup>20</sup> <https://www.thefrontproject.org.au/images/downloads/ECO%20ANALYSIS%20Full%20Report.pdf>

The formula used for calculating the community value for every hour the Neighbourhood House is in use is:  
*Total community value / (hours per week the building/s is in use x 50)*

## Employment

Employment is calculated using the total hours of paid employment response combined with multipliers derived from 2017 analysis by Deloitte ACCESS Economics on the Economic contribution of the Australian charity sector for the Australian Charities and Not-for-profits Commission<sup>21</sup>. The multipliers are based on employment data for the development and housing sector classification. This classification covers much of the work done by Neighbourhood Houses including community development and training (multiplier = 1.39). This means that for every full-time equivalent employee, a further 0.39 full-time equivalent jobs are supported elsewhere in the economy due to the economic activity created by wage spending. Neighbourhood Houses engage in activities that fit in other classifications e.g. emergency relief, referral etc which fit within the social services classification (multiplier = 1.46) or recreational activities that fit within the culture and recreation (multiplier = 1.35). These classifications' multipliers are marginally higher and lower than the development and housing multiplier respectively, further supporting the use of a 1.39 employment multiplier for the sector. The formula used for calculating the total employment effect is:

*Total reported hours of paid employment /38 X 1.39*

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<sup>21</sup> <https://www.acnc.gov.au%2Ftools%2Freports%2Feconomic-contribution-australian-charity-sector&usq=AOvVaw2R-20vVOybpm8ctvW5xsCY>