Neighbourhood Houses Barwon

Real **Impact**. Real **Value**.

INCOME
$4,271,894

Emergency relief value includes:

- Food and groceries: **$619,064**

Services value includes:

- Computer/internet usage: **$31,572**
- Room hire: **$623,640**
- Tax Help: **$23,100**
- Auspicing other organisations: **$17,836**
- Community lunch, frozen or other meals: **$34,800**

VALUE
$18,378,434

This figure includes the value of:

Improved quality of life through social connection: **$7,205,646**

Volunteer contributions: **$2,531,939**

Emergency relief provided: **$619,544**

Services provided: **$721,752**

Adult Community Education: **$6,914,278**

Early childhood education and care: **$367,439**

Employment value
49.09 FTE jobs

including 35.3 direct and 13.8 indirect Full Time Equivalent positions

NEIGHBOURHOOD HOUSES VICTORIA

These calculations were conducted by Neighbourhood Houses Victoria Based on data provided in the 2019 Neighbourhood Houses Survey. Only activities where a determinable valuation method exists are included.

This community value equates to:

$4.30 for every **$1** of income

$11.00 for every **$1** of Neighbourhood House Coordination Program funding

Over **$357.56** for every hour the average neighbourhood house is in use

Value to communities from selected Neighbourhood House activities

Basis of calculation

In NHBarwon, 20 Neighbourhood Houses provided in excess of $18,378,434 of value to the community for 2019. This is based on data provided through the Neighbourhood House Survey 2019.

This is figure includes the value of:
- Improved quality of life through social connection: based on **4,799** participants in programmed activities per week
- Volunteer contributions: based on **1,227** volunteer hrs per week
- Food and groceries: based on **2,573 kgs** of food relief provided per month
- Food vouchers: based on an average of **$0** of vouchers provided per month
- Cash/prepaid or gift card: based on **$0** cash/card value provided per month
- Bill payments: based on **$0** of participant bills paid for per month
- Fuel Vouchers: based on an average of **$0** of vouchers provided per month
- Public transport cards: based on average **$0** of travel cards value per month
- Internet usage: based on **877 hrs** of individual computer/internet use per month
- Room Hire: based on **2,067** hours of room hire valued at **$427**/hr
- Resume assistance: based on assisting with **0** resume's/ month
- Tax help: based on completing **231** tax returns for 2019
- Auspicing other organisations: based on auspicing **28** organisations or groups in 2019
- Community lunch, frozen or other meals: based on providing **290** meals/ month
- School aged breakfast programs: based on providing **0** breakfasts/month
- Government subsidised Adult Community Education: based on **$401,293** of ACE funding from ACFE and or DET
- Childcare provided: based on **$367,439** total annual childcare income
- 4-year-old kindergarten: based on **$0** total annual kindergarten income

This equates to:

- Community value for every $1 of Neighbourhood House Coordination Program funding based on **525** hours/week of NHCP
- Community value for every $1 of income based on **$4,271,894** annual income
- Community value for every hour each Neighbourhood House is in use based on Neighbourhood House buildings in use for **51** hrs on average per week

Direct and indirect full-time equivalent employment positions created based on **1,342** hrs total weekly paid hours of employment.

Notes
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.

The total community benefit is significantly greater than what has been valued here.

These valuations are based on volume of activity, so the outcomes are affected by income and population size with Neighbourhood Houses in localities with smaller populations generally expected to generate lower total community value. Variations in organisations and communities make these measures unsuitable for comparisons between Neighbourhood Houses.

Calculation methods

Social Connection

In 2018, Deloitte Access Economics produced a report[1] 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)[2]. Quality-Adjusted-Life-Years is the most widely used approach for estimating quality of life benefits in economic evaluations[3].

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 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[4]. 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.

[1] http://www.morwellnh.org.au/wp-content/uploads/2018/05/MNH_Social-Impact-Analysis_May-2018_.pdf

[2] https://www.pmc.gov.au/sites/default/files/publications/Value_of_Statistical_Life_guidance_note.pdf

[3] 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

[4] 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.

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 QUALY (3.84%) X the extent to which contribution of social connection to a QUALY 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[5] which uses the ABS average weekly earnings per hour as of May 2019[6].

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.

Emergency relief

Food and groceries

The value to community of emergency food relief is based on work undertaken by Foodbank in Australia[7]. 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

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[5] https://www.fundingcentre.com.au/help/valuing-volunteer-labour
[6] https://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0
[7] https://www.foodbank.org.au/wp-content/uploads/2019/06/Foodbank-Hunger-Report-2014.pdf

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)

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[8]. 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[9] 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[10]. 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[11] 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

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[8] Based on 255 valuations from the 2019 Neighbourhood Houses Survey

[9] https://www.facebook.com/dsinternet512/?rf=710935435612179 https://www.facebook.com/galaxysonicgaming

[10] https://www.airtasker.com/writing/resume-writing/

[11] www.taxtoday.com.au/information/fees/

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[12]

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

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[13] 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[14]. 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[15] 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.

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[12] https://www.localcommunityinsurance.com.au/

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

[14] https://www.foodbank.org.au/wp-content/uploads/2019/05/Foodbank-Hunger-in-the-Classroom-Report-May-2015.pdf

[15] https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/other-publications/pre2010/ACG_economic_benefit_of_investment_adult_education.pdf

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

By comparison, a 2017 study from the University of Adelaide's South Australian Centre for Economic Studies[16] 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[17] 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[18] 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

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[16] South Australian Centre for Economic Studies. The Economic and Social Impact of the Adult Community Education (ACE) Sector. University of Adelaide; 2016.

[17]

https://www.education.vic.gov.au/Documents/about/research/acfepublications/Participation%20training%20outcomes%20and%20patterns%20report_FINAL_Nov%202017.pdf

[18] http://www.crystaladventures.co.nz/ACE/ACE%20Price%20Waterhouse%20Coopers%20Research%20Summary%20V4.pdf

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[19] 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.

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[20]. The multipliers are based on employment data for the development and housing

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[19] https://www.thefrontproject.org.au/images/downloads/ECO%20ANALYSIS%20Full%20Report.pdf

[20] https://www.acnc.gov.au%2Ftools%2Freports%2Feconomic-contribution-australian-charity-sector&usg=AOvVaw2R-20vVOybpm8ctvW5xsCY

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