

**Deloitte.**  
Access Economics

# Evaluating Many Rivers' Microenterprise Development Program

5th Annual  
Outcomes  
Evaluation

October 2017



# **Overview:** After five years of evaluation, it's clear that Many Rivers is creating value for clients and their communities

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## **Many Rivers generates economic and social value by supporting marginalised people to create and grow sustainable small businesses.**

- > Many Rivers directs resources and support to people who face disadvantage—particularly **limited assets, income and access to finance**
- > Many Rivers helped to create or expand nearly **1,400 businesses** to September 2017, located across urban, regional and remote areas of Australia
- > Businesses receiving support are **just as likely to 'survive' their first three years** as the average Australian small business, despite the disadvantages faced by their owners
- > Supported businesses employed over **1,500 people** and generated **revenue estimated at \$35m** in 2016-17
- > Many Rivers enables clients to experience material improvements in their economic and social circumstances – including **lower welfare dependence, higher personal wealth and better access to finance.**

# **Appropriateness:** Many Rivers creates economic and social value through its activities

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- 1. Reducing frictions in the economy** to enable better allocation of under-utilised individual and community resources (people, capital, land)
  - > This is achieved through facilitating access to finance and other resources (e.g. legal support)
- 2. Building the capacity of Many Rivers' clients** to be more productive in their professional and personal lives
  - > That is, clients develop new skills and knowledge which they use to enhance their social and economic circumstances
- 3. Improving the level of social inclusion experienced by Many Rivers' clients** as they participate in employment and work life
  - > That is, clients are supported to overcome barriers to participation in mainstream society, develop a greater sense of self-worth, and access more opportunities

Ultimately, these mechanisms **generate economic and social value** for:

- > People involved directly in production – business owners and employees who receive income from the business and participate more in society
- > People who consume the goods and services of the businesses
- > Australian communities more broadly through higher tax revenues, reduced burden on the public welfare system and other flow-on benefits

## **Effectiveness and efficiency:** Many Rivers is committed to evaluating its impact over a decade-long experience

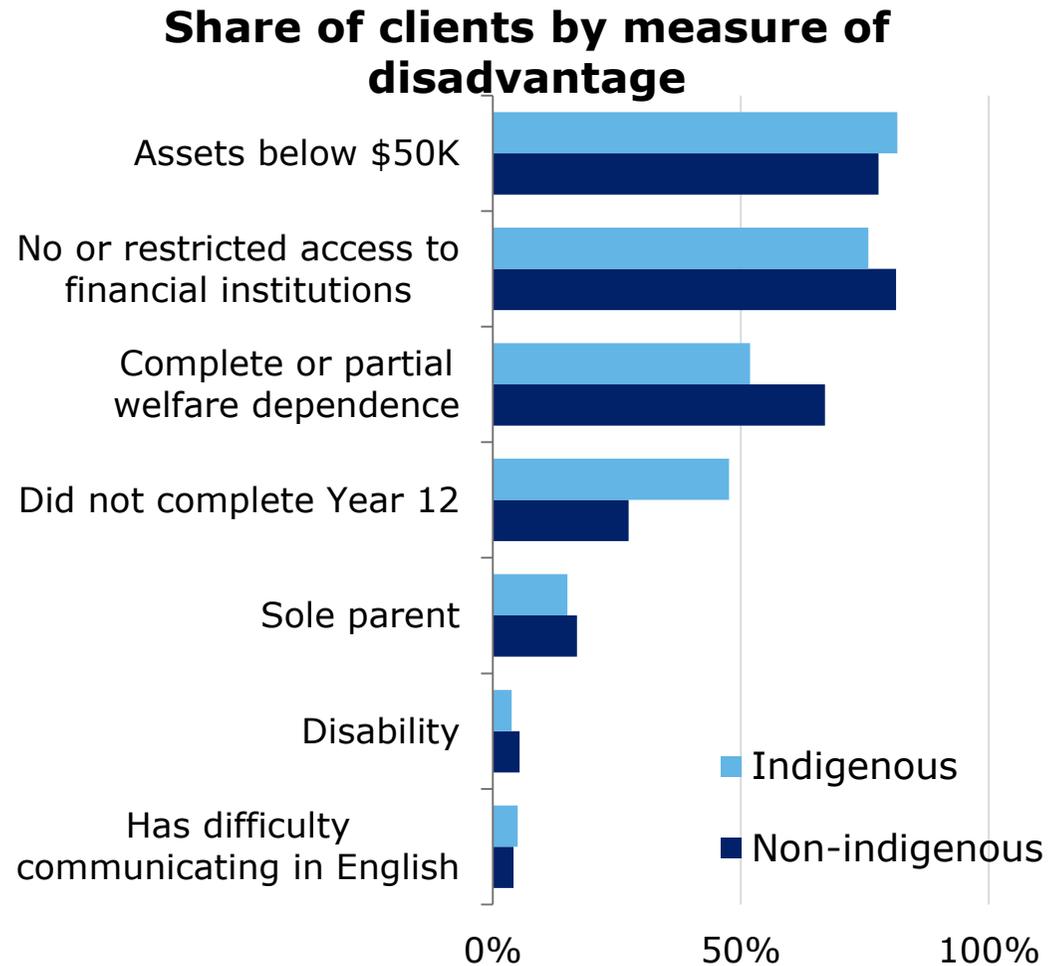
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### **Many Rivers is committed to a 10-year journey to measure the economic and social value of its activities**

- > In 2012, Deloitte Access Economics developed an **evaluation framework** to examine the impact of Many Rivers' activities on clients and communities
- > In 2013, Many Rivers implemented a **comprehensive data tool** – '**Compass**' – which embeds data collection for evaluation in the customer relationship management system, enabling an innovative and data-driven understanding of Many Rivers' clients, activities and outcomes
- > From 2014, Many Rivers has collected **Client Stories**, interviewing a sample of clients annually about their journey while working with Many Rivers, to provide an additional level of fidelity in our collective understanding of client success and the conditions that drive it
- > In 2017, Deloitte Access Economics has undertaken the **5<sup>th</sup> annual evaluation** to assess the activities and value to date - the evaluation continues to focus largely on current clients and businesses, and so the findings represent a lower bound of the value of Many Rivers' activities
- > To 2022, this evaluation will seek to **attribute outcomes** to specific Many Rivers activities, assess Many Rivers' **operating efficiency**, and measure Many Rivers' impact on **engaged communities**

# Many Rivers engages clients who face disadvantage, particularly limited assets, income and access to finance

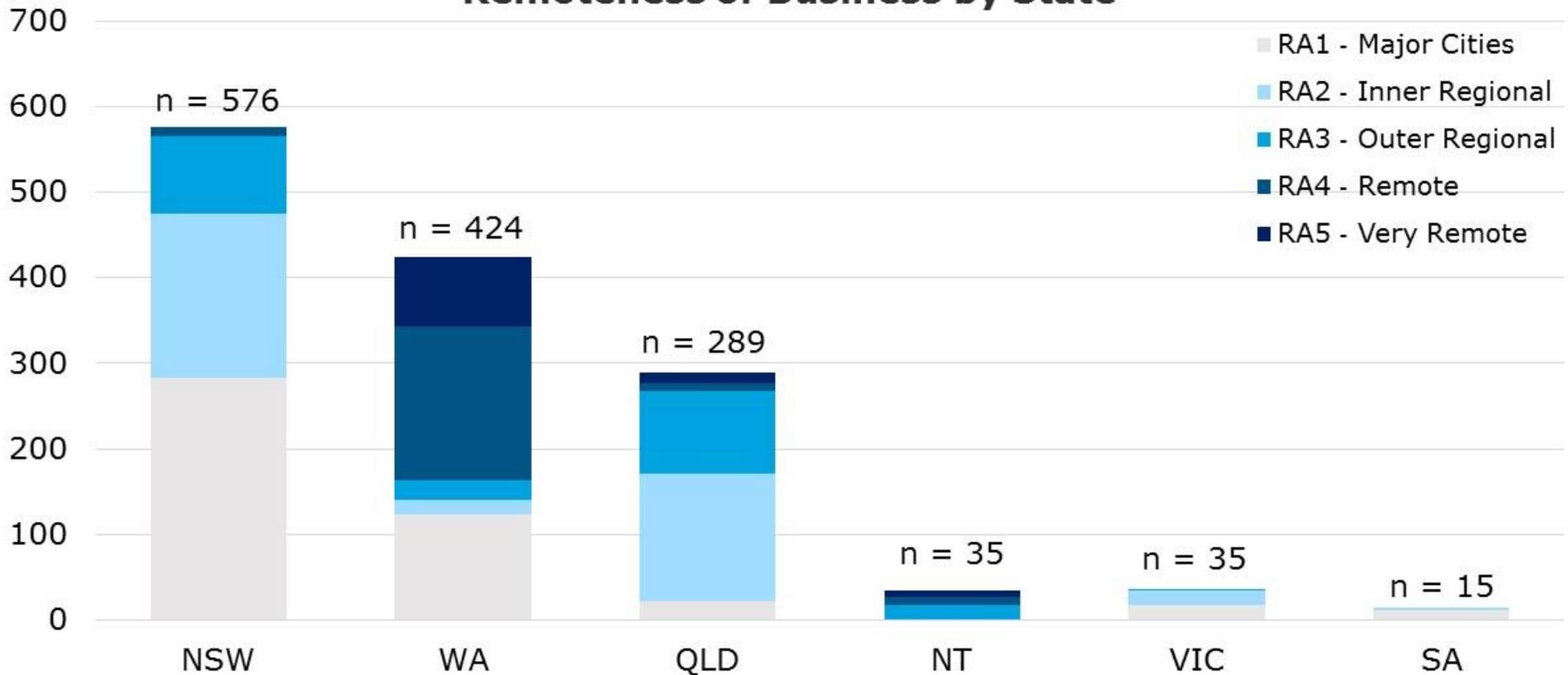
- > **95% of clients initially face at least one form of disadvantage** and the average client faces three
- > **This level of disadvantage has been stable since 2010-11**, despite significant growth in the number of clients
- > The most common forms are '*Assets below \$50K*' and '*No or restricted access to financial institutions*'
- > Overall, Indigenous and non-Indigenous clients tend to experience similar levels of disadvantage
- > Clients come from 105 different ethnic backgrounds. 12% of clients reported their ethnicity originating outside Australia and 4% reported being culturally and linguistically diverse (CALD).



# Many Rivers supports clients who start businesses in urban, regional and remote areas

- > Many Rivers businesses in **WA are the most remote**, while those in Queensland are largely regional. **NSW** has the largest proportion of businesses located **in a major city**

### Remoteness of Business by State



Note: These data refer to all businesses (operating and ceased) that reported their location.

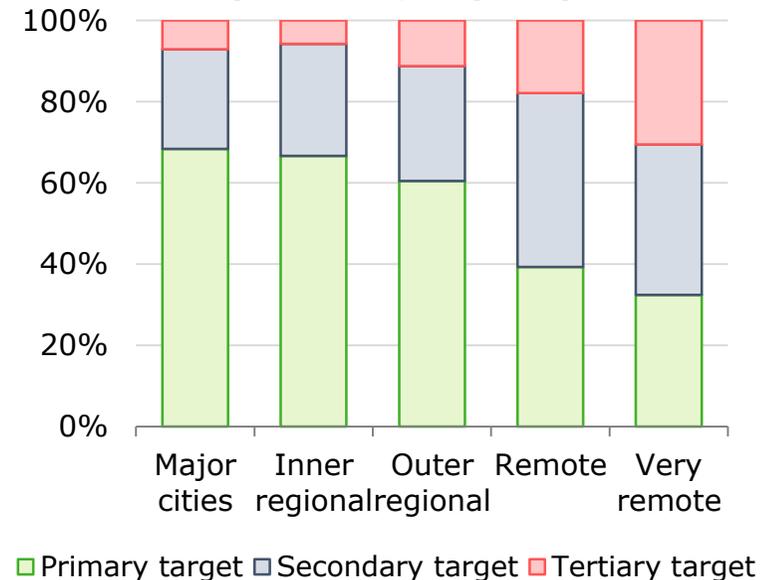
# Many Rivers targets welfare dependency and financial exclusion

- > Many Rivers' client targeting has become **more refined since 2016**, with 89% of new clients being in the 'primary' and 'secondary' target cohort (in green and grey below), compared to 84% prior.
- > A significantly **lower share of clients from remote or very remote areas fit within these target cohorts**. Many Rivers supports these remote businesses so they can, in turn, support disadvantaged people in their communities.

**Target cohort matrix  
(all clients, all years)**

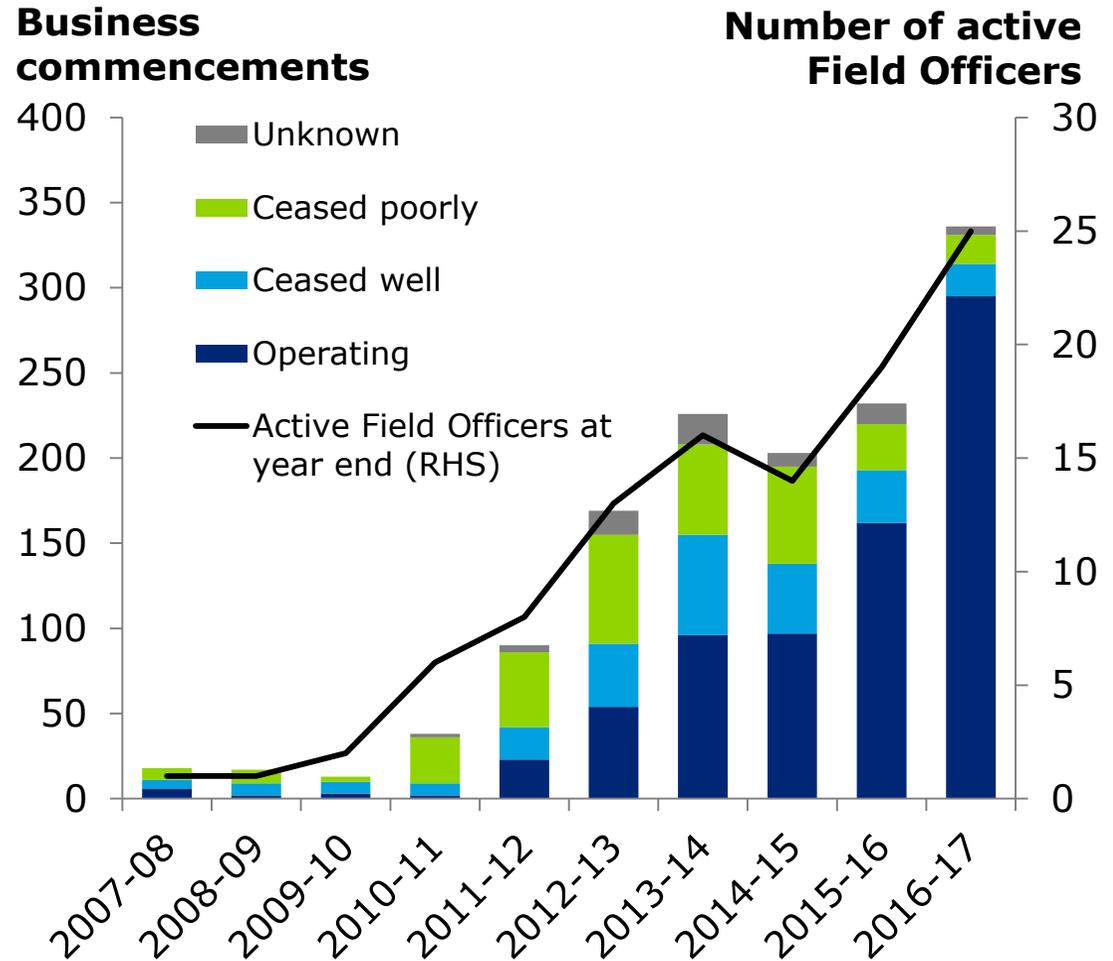
		<b>Financial exclusion</b>				
		5	4	3	2	1
		Able to Access Financial Institution	Neutral/Positive Credit History, Potential Assets For Security	Neutral/Positive Credit History, No Assets For Security	Negative Credit History Prohibiting Access To Credit	Currently Bankrupt or Part IX Debt Agreement
<b>Welfare dependency</b>	100%	1.1%	1.8%	14.7%	17.5%	0.3%
	≥75%	0.1%	0.3%	1.8%	1.0%	0.0%
	≥50%	1.2%	0.6%	6.2%	8.8%	0.1%
	≥25%	0.3%	0.6%	2.0%	1.5%	0.2%
	0%	11.2%	3.3%	13.8%	11.3%	0.2%

**Target cohort by remoteness  
(all clients, all years)**



# Many Rivers has helped create or expand nearly 1,400 businesses

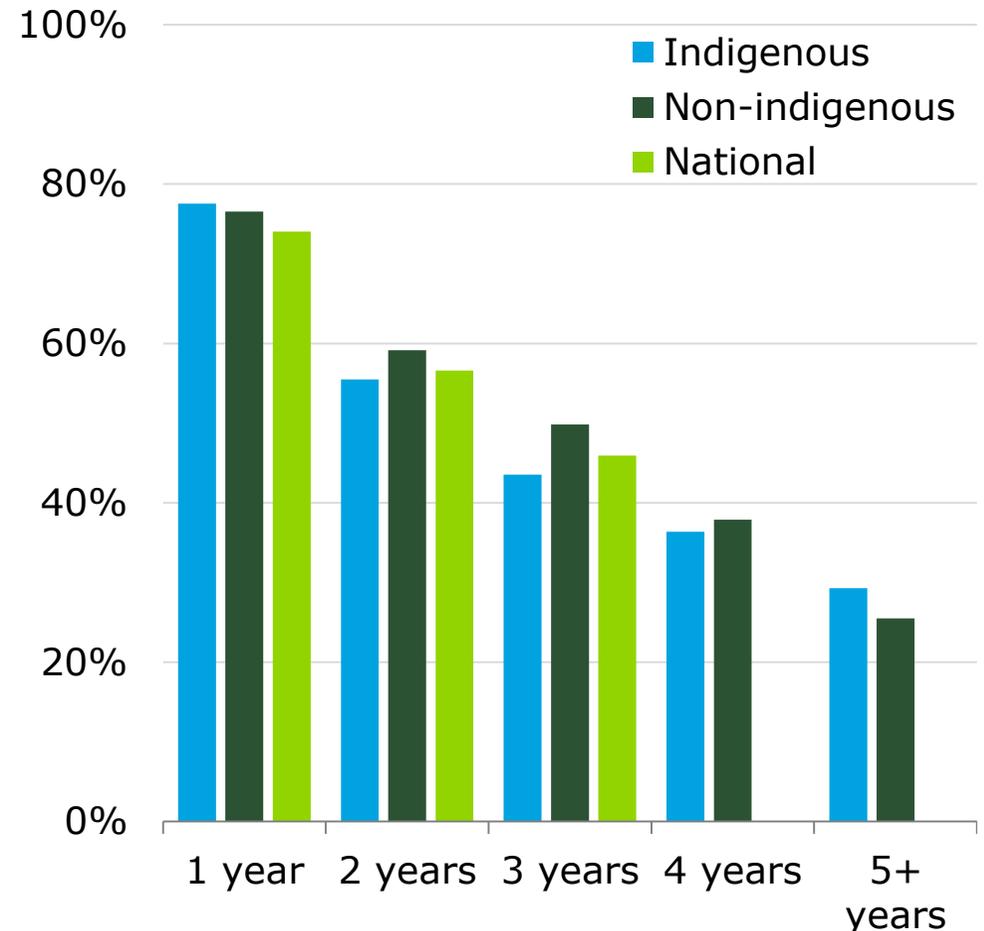
- > Many Rivers estimates that, to September 2017, it has served 4,742 clients and 4,425 potential businesses
  - > 58% of these have gone on to have a formal meeting, and 31% create or expand a business
- > Many Rivers has supported 1,391 new or expanded businesses to September 2017, including **336 new business in 2016-17**.
  - > This is the largest annual increase to date
  - > 59% of businesses ever supported are currently operational



# Many Rivers' businesses are just as likely to 'survive' as the average Australian small business

- > The survival rate of Many Rivers' supported businesses is broadly equivalent to the national average (for non-employing businesses):
  - > After one year: **77%** (74% nationally)
  - > After two years: **57%** (57% nationally)
  - > After three years: **47%** (46% nationally)
- > This is despite 34% of Many Rivers' operating businesses having owners who experienced a negative personal, family and/or community event that affected the business in the past year

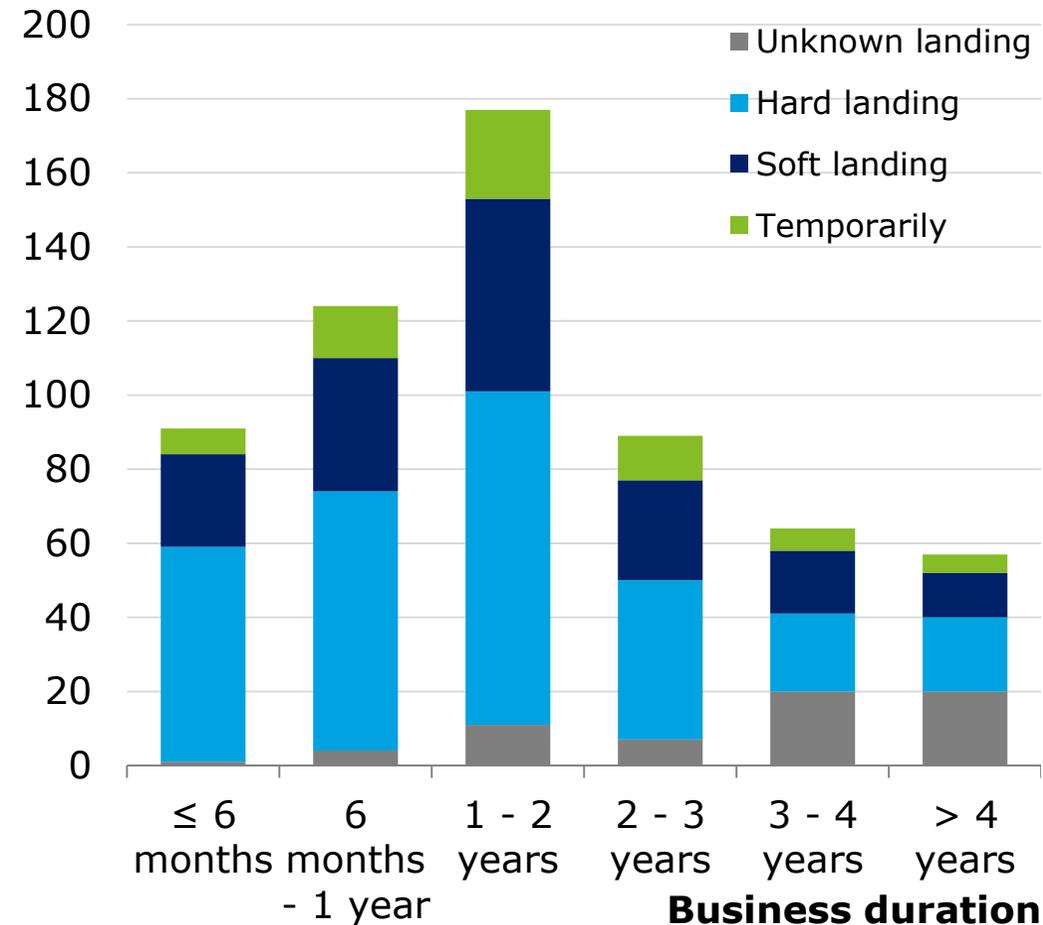
**Business survival rate**



# Many Rivers' data are beginning to reveal what drives client/business success

- > Certain client behaviours present as predictors of business success. These include:
  - > **Hours per week working in the business** are positively correlated with business income
  - > **Using a record-keeping service** is associated with higher business longevity, greater access to finance and better loan repayment rates
  - > **Small loans** are associated with a positive landing if a business permanently ceases operating. Taking out no loan, or a very large loan, is associated with businesses lasting longer, but experiencing a hard landing if they do cease
  - > **Having a source of income other than welfare** increases business duration and improves loan repayment rates
- > Many Rivers' ceased businesses operated for 1.6 years on average, with 35% of all ceased businesses operating for more than 2 years

**Number of ceased businesses**



## Many Rivers' supported businesses currently employ 1,575 people

- > In total, Many Rivers' businesses **currently employ 1,575 people**, with more than one third of all employees identifying as Indigenous
  - > This includes owners, full-time, part-time and casual employees, and contractors (as defined by the Australian Bureau of Statistics)
- > On average, each business employs 2 people, inclusive of the owner

### Employment by type

	Total employment	Business owners			Other employees				
		Full-time	Part-time	Total	Full-time	Part-time	Contractors	Casuals	Total
<b>Total</b>	<b>1,575</b>	<b>535</b>	<b>320</b>	<b>855</b>	<b>217</b>	<b>288</b>	<b>24</b>	<b>191</b>	<b>720</b>
Indigenous	585	186	148	334	60	87	1	103	251

Note: Employment data provided by Many Rivers as at June 2017. The Australian Bureau of Statistics (ABS) defines full-time employment as greater than or equal to 35 hours per week. Many Rivers conducts a census of all (current and contactable) operating businesses to record the number of people employed.

# Many Rivers' businesses are generating revenue and economic value

- > Currently supported businesses report an **average monthly revenue of \$3,700**
  - > On this basis, annual revenue across all businesses is **estimated to have been at least \$35m in 2016-17**
- > Across all businesses, annual net profit before tax is estimated to be \$15m, and total assets to be \$16m, for 2016-17.

## Average and total business income, net profit before tax and business assets (2017)

	Business income (monthly)	NPBT (monthly)	Business assets (net)
<b>Median</b>	<b>\$1,650</b>	\$500	\$6,900
<b>Mean</b>	<b>\$3,700</b>	\$1,600	\$15,650
Untrimmed mean*	\$5,453	\$2,077	\$25,500
<b>Estimated annual total</b>	<b>\$34.8m</b>	\$14.9m	\$15.7m
Untrimmed estimated annual total*	\$51.6m	\$19.7m	-

\*The untrimmed mean is the mean calculated including outliers more than two standard deviations from the mean.

Note: The sample includes currently operating businesses that reported income through the Business Compass survey.

# Many Rivers' supported businesses continue to operate and mature, supporting clients to improve their economic circumstances

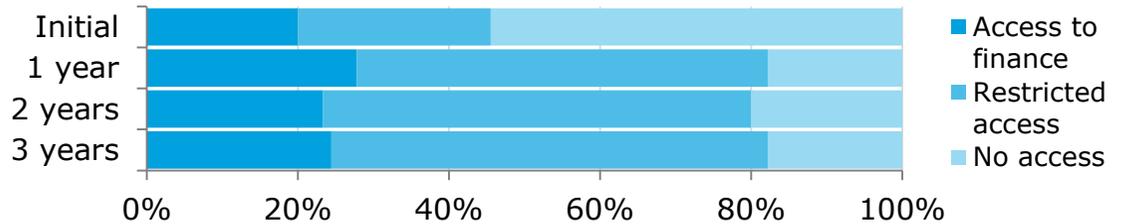
> For clients whose businesses have operated for at least three years:

> Initially, 46% had access to financial institutions. This **increased to 82% after three years**

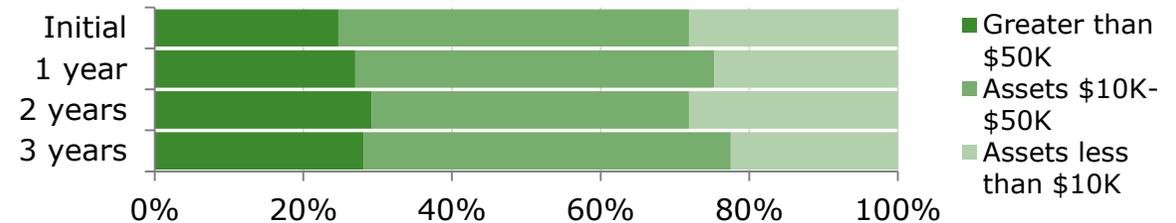
> Initially, 25% had personal assets >\$50K. This has **increased to 28% after three years**

> Initially, 46% were independent of welfare. This has **increased to 81% after three years**

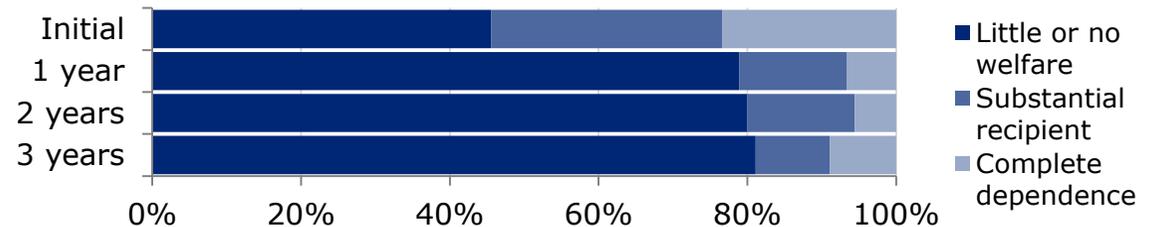
## Access to Finance



## Personal Assets



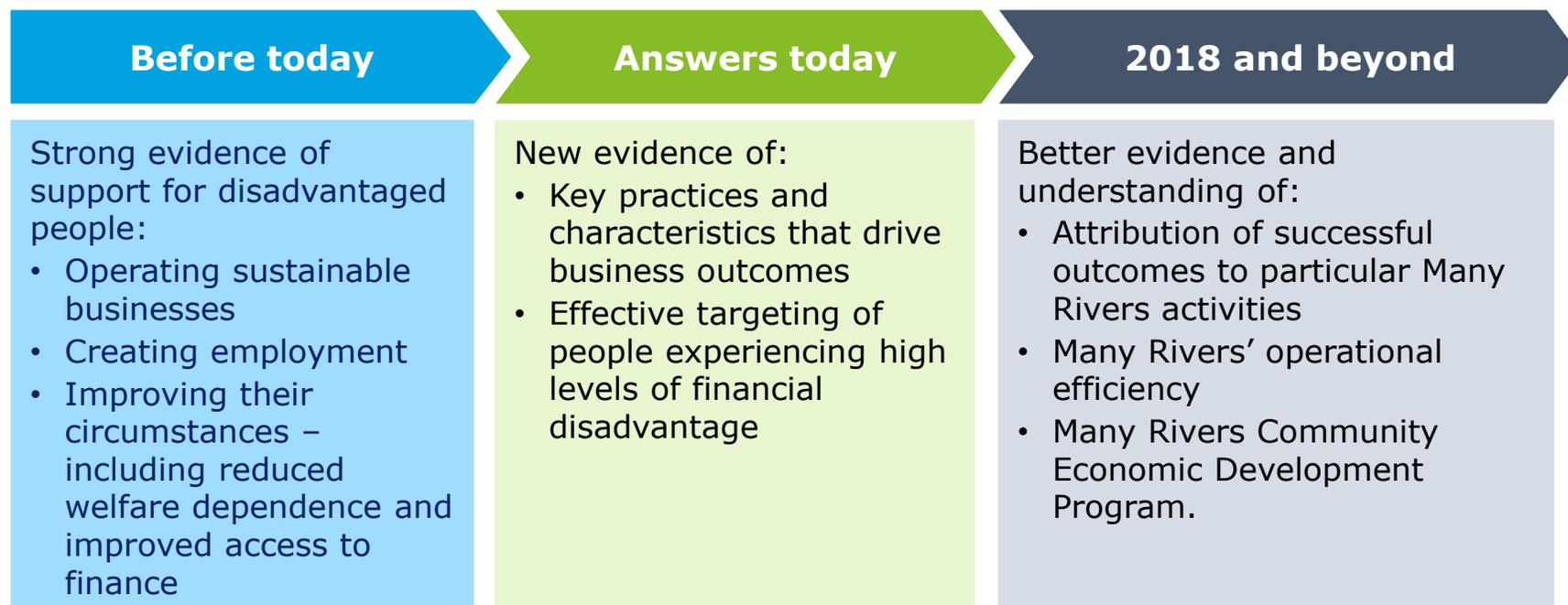
## Welfare Dependency



N=90; of 1770 initial business Compass records.

# The Evaluation is building layers of understanding over time, improving confidence levels and broadening the measures of value

- > Many Rivers has demonstrated its **appropriateness**, showing how it helps realise economic and social value for people experiencing particular disadvantages.
- > This evaluation continues to demonstrate, with ever greater clarity, the **effectiveness** of Many Rivers' activities for its clients.
- > The next step is to examine the **efficiency** of Many Rivers' operations, and how the effectiveness extends to **communities**.



# Deloitte.

## Access Economics

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