

## **Many Rivers' Microenterprise and Community Economic Development Programs**

6<sup>th</sup> Annual Outcomes Evaluation (Overview)  
October 2018

# Many Rivers is on a 10-year journey to understand **and** strengthen the economic **and** social value it creates for individuals, their families and wider communities.

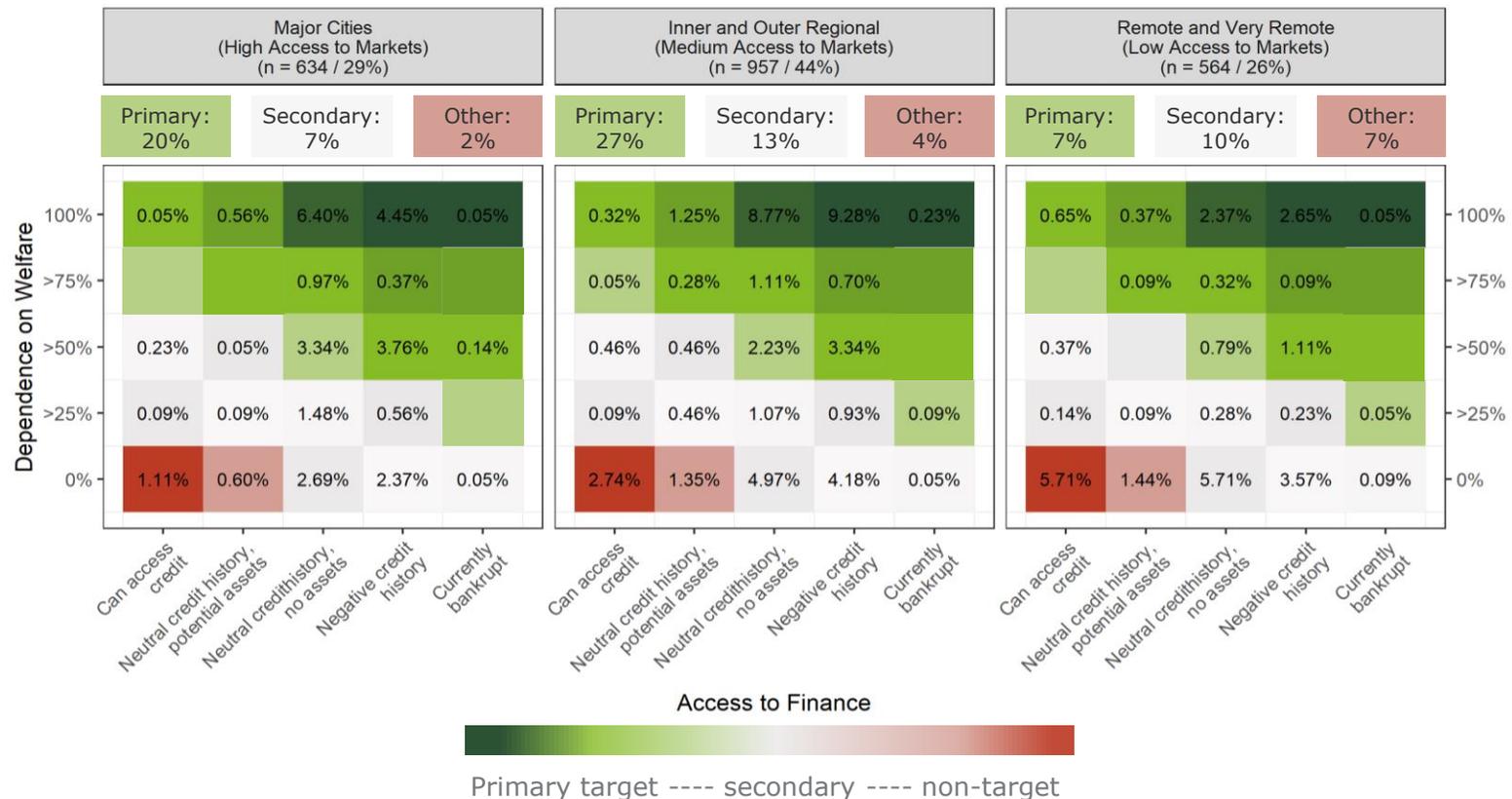
Many Rivers has committed **to a 10-year program** to measure the economic and social value of its activities, and the drivers of success (or otherwise) in that.

- In 2012, Deloitte Access Economics developed an evaluation framework to examine the impact of Many Rivers' activities on clients and communities, through supporting the creation of sustainable business among marginalised people.
- In 2018, Deloitte Access Economics has undertaken the 6th annual evaluation to assess the activities and impacts to date
  - This evaluation is increasingly incorporating **community level measures (from CED participating communities)**, and identifying **additional economic and social** (participation/inclusion) circumstances of clients and their households.
- The journey therefore continues to be one of exploration and discovery, resulting in:
  - Refined data collection methods among Many Rivers' operations
  - More insights into the client circumstances and experience
  - More targeted deployment of Many Rivers' resources
  - Broadening of the focus of impact to the community level.
- Ultimately, the principles each annual evaluation adheres to are (1) conservatism; (2) consistency; (3) transparency.

# Many Rivers is **increasingly** engaging its target clients over time, up from 87% to 95% from FY13 to FY18.

- Many Rivers considers 7 key measures of 'disadvantage' in its Evaluation. Among these, the primary indicators are 'welfare dependency' **and** 'financial exclusion'.
- Many Rivers has demonstrated a growing focus on this group over time. There is **some variation in** the share of this cohort across major cities, regional areas and remote.

Share of new Many Rivers clients by Dependency on Welfare, Access to Finance (and Remoteness)



# Broader measures of initial economic and social **participation and inclusion** are being introduced to the Evaluation over time, including household participation in schooling and work.

- Many Rivers collects data about **the characteristics of the people its clients live in a household with**. This data includes:

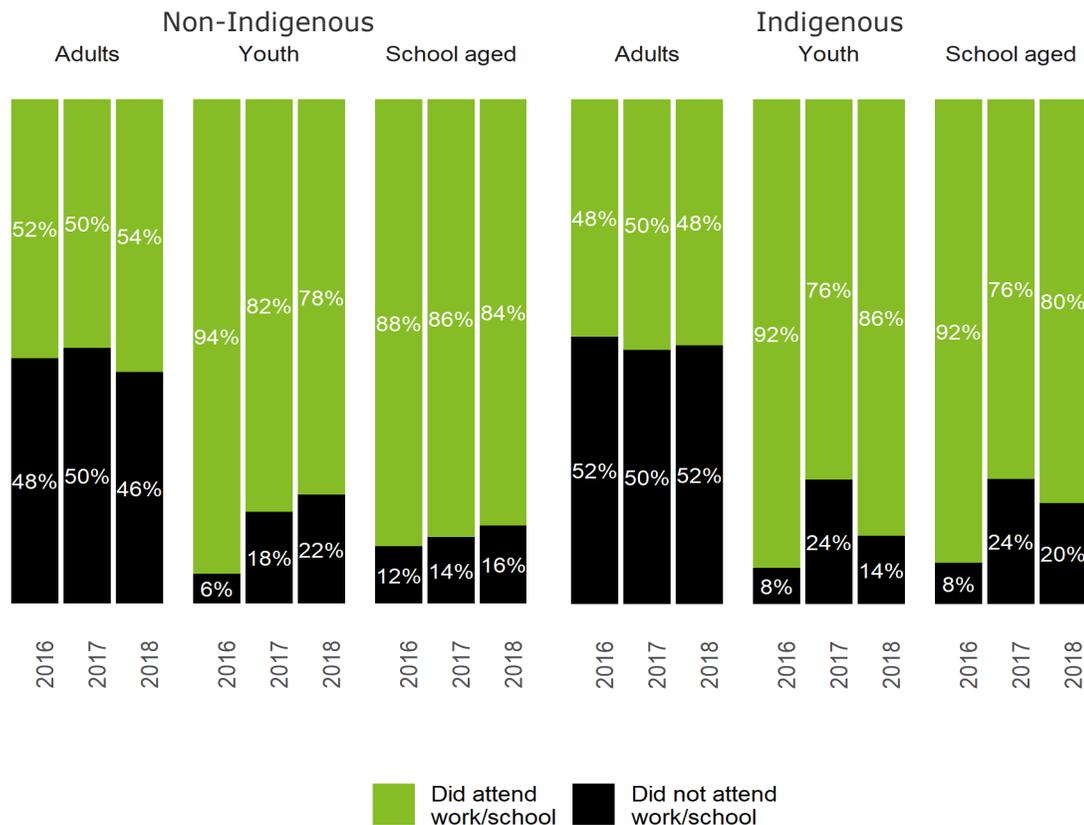
- The number of adults who regularly work; and
- The number of youth (aged 13-17 years) and school aged children (aged 5-12 years) that regularly attend school.

- The average client (in FY18) lives in a household where:

- 82% of youth and 84% of school aged children attend school regularly.
- 52% of adults did attend work and 48% did not.

- Other characteristics that can be measured include: (1) housing type, (2) numbers in household, (3) vehicle ownership and (4) contracted mobile phone plan uptake.

The share of adults, youth and school aged children of a client's household that attended work/school when commenced with Many Rivers

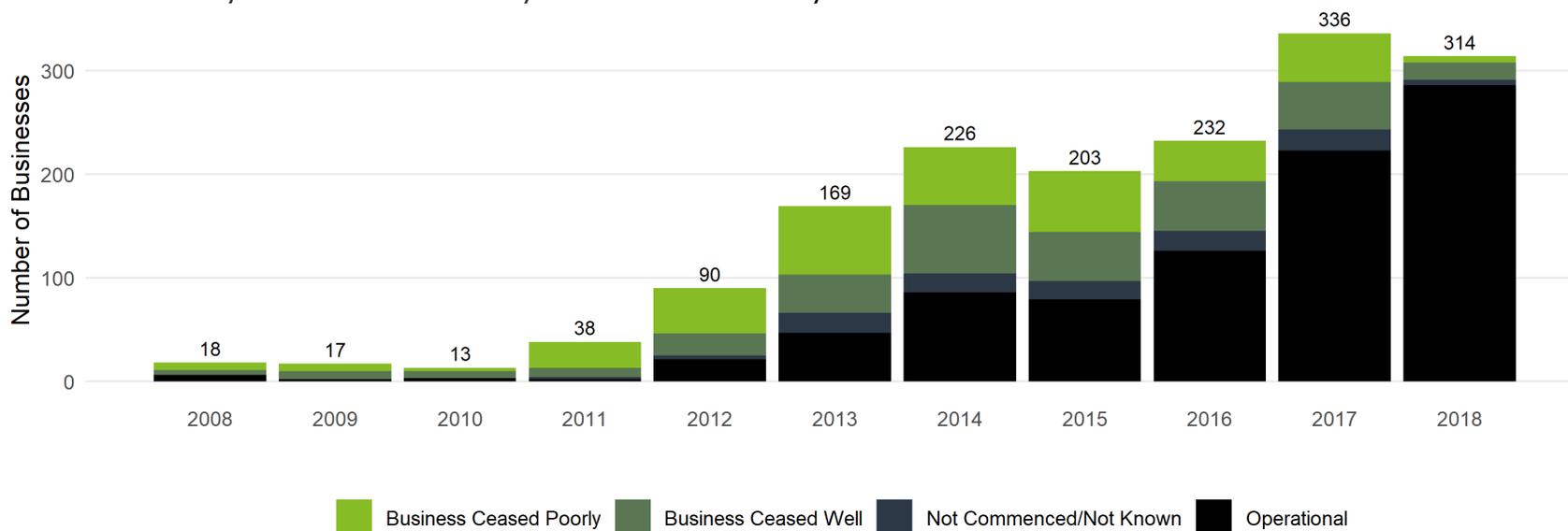


Note: This data includes clients who joined Many Rivers in 2016, 2017 or 2018 (initial compass record)

# Many Rivers is supporting clients out of structural disadvantage by helping them to **create and expand** sustainable businesses.

- To date, Many Rivers is estimated to have engaged with **5,922 clients** (and 5,572 potential businesses).
  - 49% of these have gone on to have a formal meeting and **30% to create or expand a business**.
- Many Rivers has supported **1,656 new or expanded businesses to September 2018, including 314 new businesses in FY18**. The largest increase in new businesses to date was in FY17, when Many Rivers helped establish 336 new businesses.
  - **54% of all businesses supported** to date (and currently contactable) are currently operational.

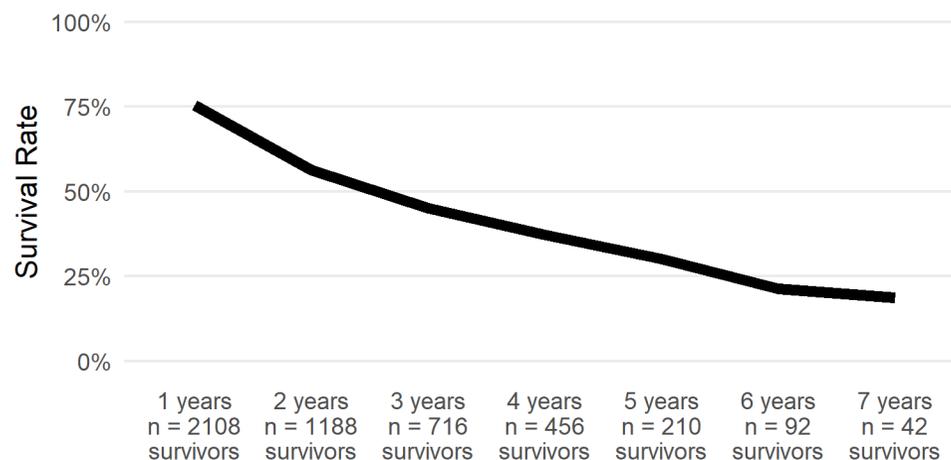
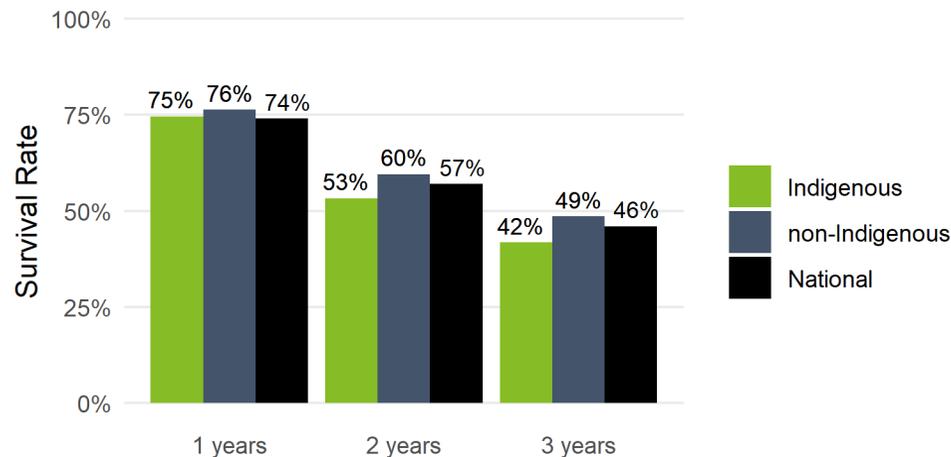
Number of Many Rivers businesses by current status and year of commencement



# Many Rivers businesses survive **on-par** with the national average, despite the disadvantaged circumstances experienced by their owners.

- The survival rate of Many Rivers supported businesses is similar to the national average (for non-employed businesses) for the first three years:
  - After one year: 76% (74% nationally)
  - After two years: 57% (57% nationally)
  - After three years: 47% (46% nationally)
- Non-Indigenous supported businesses have a higher survival rate than both Indigenous supported businesses and the national average.
- Around a quarter of Many Rivers supported businesses are lasting for more than 5 years.

Survival rate of Many Rivers businesses over 3 years after commencement



# 40% of 'ceased' businesses have either experienced a 'soft landing' or are expected to recommence.

- 29% of ceased businesses experienced a 'soft landing', **54% of which transitioned to employment.**
- 36% of ceased or unknown businesses have a loan that has not yet been repaid.
- A third party has been engaged to help recover a loan for 24% of ceased businesses that were given a loan.
- 18% of ceased businesses that were given loans have had loans written-off, with an average write-off of 85% of the loan amount.
- Indigenous businesses are less likely to 'cease well' (37% of businesses, compared to 44% of non-Indigenous businesses).
- Relatively more businesses have ceased under favourable conditions in 2018 then had in 2013 (40% compared to 33%).
- Importantly, ceased business, like ongoing businesses, **have created value in previous periods that is not reported here.**

Ceased Many Rivers businesses by reason for cessation (FY09-FY18, n = 775)



## 'Contactable' businesses, currently or historically supported by Many Rivers, presently employ **1,949 people**

- Many Rivers conducts a census of all (current and contactable) businesses to record the number of employees in each business.
  - This includes owners, full-time, part-time and casual employees, and contractors (as defined by the ABS).
- As a point in time measure, **this doesn't include** employment contributions in previous years, and for other ongoing, but non contactable, Many Rivers' supported businesses.

### Employment by type

	Operating businesses	Total employment	Business owners			Other employees		
			Full-time	Part-time	Total	Full-time	Part-time	Total
Total	885	<b>1,949</b>	<b>611</b>	345	956	<b>419</b>	574	993
Indigenous		<b>718</b>	<b>188</b>	153	341	<b>200</b>	177	377

Note: Employment data provided by Many Rivers as at 30 June 2018. The Australian Bureau of Statistics (ABS) defines full-time employment as greater than or equal to 35 hours per week.

## Many Rivers businesses are typically generating increased **revenue and assets**, while profit is slightly more variable year to year.

- Currently supported businesses report a **mean monthly turnover of \$3,750**.
  - Using the untrimmed mean\*—a less conservative average measure—monthly turnover is estimated to be \$6,150.
- This (conservatively) translates to an estimated annual turnover of **\$39.8 million** across all businesses in FY18.
- Total annual net profit before tax (NPBT) was estimated as \$13.5 million (down from \$14.9 million in FY17),
- Total net assets were \$18.1 million (up from \$15.7 million in FY17).

Averages and totals of business income, FY18 (currently operational and contactable businesses)

	Business income		
	2018	2017	2016
Median (monthly)	\$2,150	\$1,650	\$1,250
Mean (monthly)	\$3,750	\$3,700	\$4,300
Untrimmed mean* (monthly)	\$6,150	\$5,450	\$5,400
Estimated total (annual)	\$39.8m	\$34.8m	\$32.0m
Untrimmed estimated total* (annual)	\$65.1m	\$51.6m	\$40.1m
Number of businesses	881	789	618

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

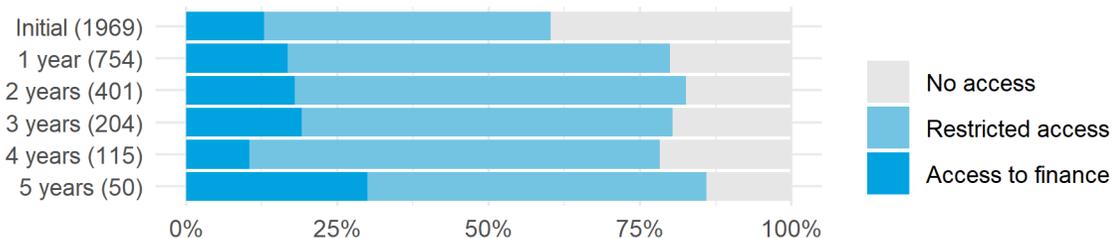
Note: Median and mean rounded to the nearest \$50. Sample sizes reported in the appendix. Total operating businesses as at September 2018.

# Clients with more mature businesses **demonstrate** the best financial circumstances

The following data refers to all Many Rivers clients for whom there is adequate data, noting an actual 'matched' cohort analysis is in the Report, which tracks the one cohort of clients over three consecutive years (n = 120).

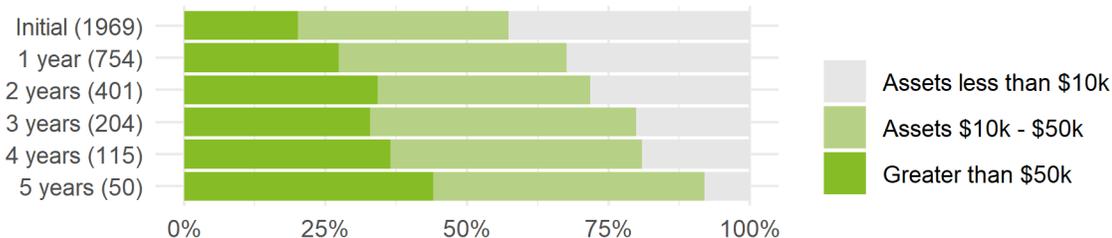
- Initially, 60% of clients have **some ('restricted') access to financial institutions**, as compared to 86% for those businesses that have operated for five years.

Access to finance



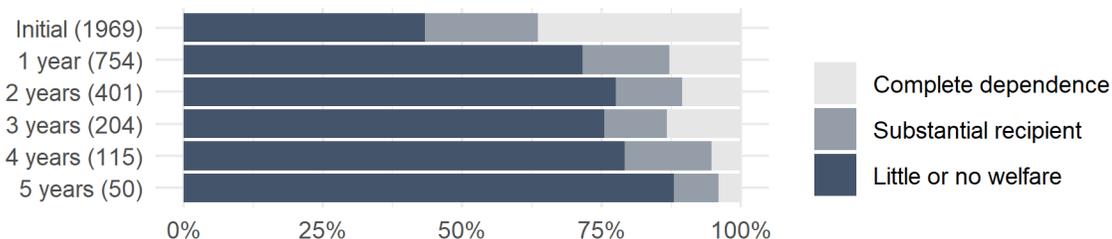
- Initially, 20% of clients have **personal assets >\$50K**, as compared to 44% for those businesses that have operated for five years.

Personal assets



- Initially, 43% of clients are **independent of welfare**, as compared to 88% for those businesses that have operated for five years.

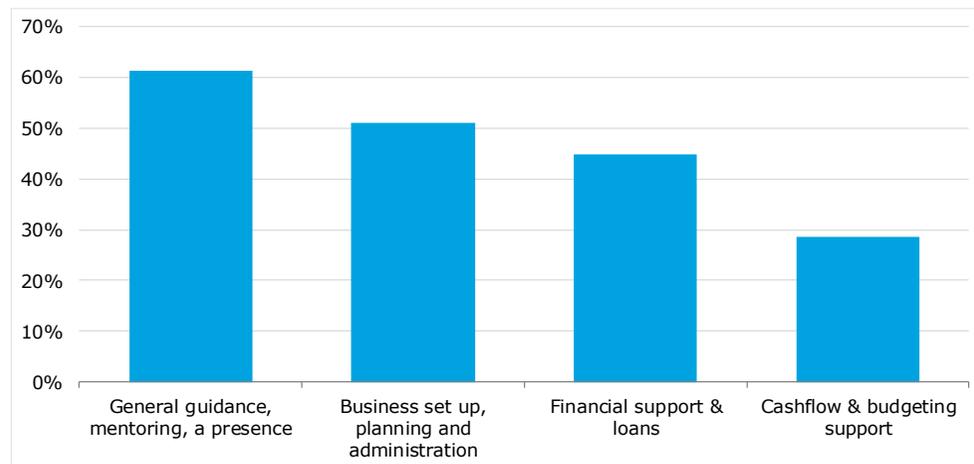
Welfare independence



# Clients highly value and 'trust' the business expertise and pastoral care aspects of the relationship with their MED Managers

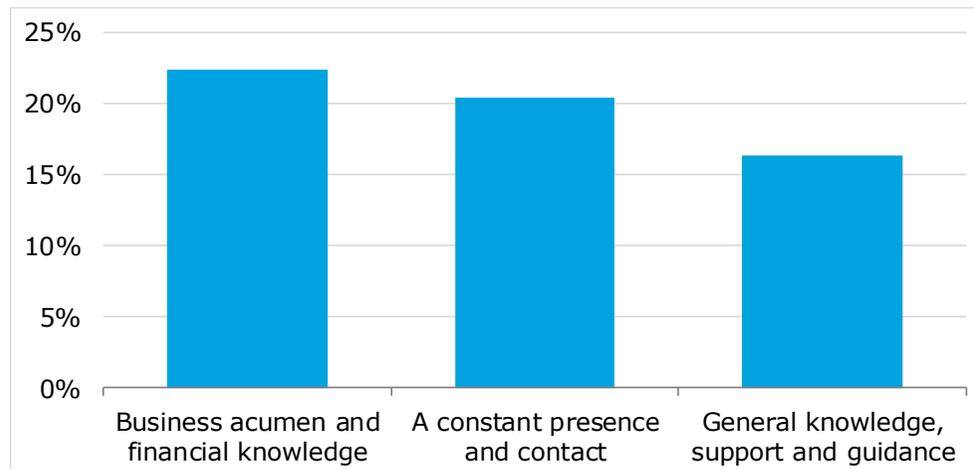
- The stories shared by clients demonstrate a partnership with Many Rivers, and journeys of struggle, resilience and growth.
- The issues and challenges commonly cited by Many Rivers clients in operating their businesses are typical of all small businesses.
  - They included general management issues, marketing deployment, aspects of finance, market viability, time management and family responsibility.
- The most common challenge identified related to **low confidence and motivation**.
- In addition to providing access to finance, clients are accessing a broad range of support services from Many Rivers.
- Of the services providers, clients stated that they found the most useful supports to be access to Many Rivers' business acumen and financial knowledge (consistent with FY2017).

Figure 6.2: What services did you receive from Many Rivers?



Source: Many Rivers Client Stories, 2017-2018; n = 49

Figure 6.3: What did you find the most useful about the assistance from Many Rivers?



Source: Many Rivers Client Stories, 2017-2018; n = 31

## In the Evaluation's first view of supported communities, mixed results are seen in terms of revenue and profit gains, though all demonstrate assets and employment gains.

- Many Rivers' is broadening its evaluation to its Community Economic Development activities, and as these activities move from 'pilot' to 'ongoing', the Evaluation will commensurately increase its focus and analysis on this.
- At this stage, Many Rivers is currently working with seven communities, with baseline data and progress measured against five.

Community*	Duration years	Revenue		Profit		Assets (excluding AACAP)		Employment Expense		Employment	
		Current	Gain	Current	Gain	Current	Gain	Current	Gain	Current	Gain
A	2.6	\$276,713	\$139,674	\$49,957	\$151,879	\$1,298,139	\$43,919	\$141,412	\$75,678	6	6
B	3.3	\$1,877,406	-\$3,777,251	\$182,339	-\$4,423,132	\$6,295,977	\$762,168	\$653,240	\$32,332	20	17
C	2.6	\$228,549	\$109,419	\$46,021	\$25,653	\$7,914,288	\$54,436	\$103,661	\$46,887	7	6
D	0.8	\$979,680	-\$214,037	\$139,647	-\$104,415	\$2,916,788	\$229,690	\$340,994	\$82,942	7	2
E	0.5	\$504,360	\$342,299	\$319,173	\$249,659	\$1,281,662	\$933,630	\$65,342	\$33,715	4	4

\*Community participation start dates vary between June 2015 and March 2018

# Ongoing evaluation **increasingly** reveals Many Rivers' success, and the drivers of that, and in more compelling ways.

- Many Rivers **continues** to engage with clients who experience multiple forms of disadvantage (in particular **financial**)
- Many Rivers supports these clients out of disadvantage by helping them to create and expand **sustainable** businesses
- Many Rivers supported businesses are generating **increasing** economic value (and improving client financial situations)
- Client stories demonstrate a **partnership** with Many Rivers, and trusted journeys from struggle to resilience **to growth**
- As more data become available each year, additional evaluation questions can be addressed, and those being addressed can be answered with more confidence, leading to refinements in both the Evaluation and Many Rivers' operations.



# Deloitte.

## Access Economics

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