

**Deloitte.**  
Access Economics

# Evaluating Many Rivers' Microenterprise Development Program

5th Annual  
Outcomes  
Evaluation

October 2017



# Many Rivers is making a difference – by directing effective resources to individuals experiencing economic disadvantage

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- > Many Rivers has now engaged with over 4,700 clients across Australia, including nearly 500 new clients in 2016-17. Support is effectively targeted at clients experiencing disadvantage, with 95% of all clients initially facing some form of disadvantage (as defined for this evaluation), and many clients facing multiple.
- > Financial exclusion, and having few assets, are the most prevalent forms of disadvantage at a client's initial engagement with Many Rivers. Specifically, 79% of clients had restricted or no access to financial institutions, and 79% had assets below \$50k. Another common form of disadvantage is complete or partial dependence on welfare (60%).
- > Since 2015-16, Many Rivers has more closely targeted clients experiencing a combination of financial exclusion and welfare dependency. This has led to 60% of new clients being in this primary target group in the last two years, compared to 51% previously.
- > There is a continuing focus on Indigenous people (42% of all clients), and those from remote or very remote areas (44% of Indigenous clients and 17% of non-Indigenous clients). There is also an emphasis on supporting clients from diverse cultural backgrounds. In 2016-17, clients come from 105 ethnic backgrounds, up from 76 in 2015-16, reflecting the increased focus on engaging refugees and asylum seekers.

# Many Rivers is making a difference – by improving the outcomes of clients operating sustainable businesses

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- > Working alongside its clients, Many Rivers has supported the creation or expansion of 1,391 businesses to September 2017, including 336 new businesses in the last financial year. 59% of all businesses supported to date are currently operational.
- > Despite the challenging circumstances typically faced by Many Rivers' clients, supported businesses are just as likely to survive the first three years as the national average for comparably structured businesses. This is most pronounced after the first year, where 77% of Many Rivers survive, compared to 74% nationally.
- > Supported businesses generate value: (1) for those directly involved in the business; (2) for people who consume the goods and services of the business; and (3) for the Australian community more broadly. The first of these is the most readily quantifiable, with Many Rivers supported businesses currently employing over 1,500 people. This equates to an average of 2 people per business (including the owner). Further, the total annual turnover of Many Rivers businesses was estimated to be at least \$35 million (trimmed mean), up to \$52 million (all data), in 2016-17.
- > Clients experience improved economic circumstance through operating sustainable businesses. After three years, more clients are independent of welfare (up from 46% to 81%), have personal assets greater than \$50K (up from 25% to 28%), and have greater access to financial institutions (up from 46% to 82%). Clients also report a sense of fulfilment from operating a successful business, and that opportunities in general improve for them and their families.

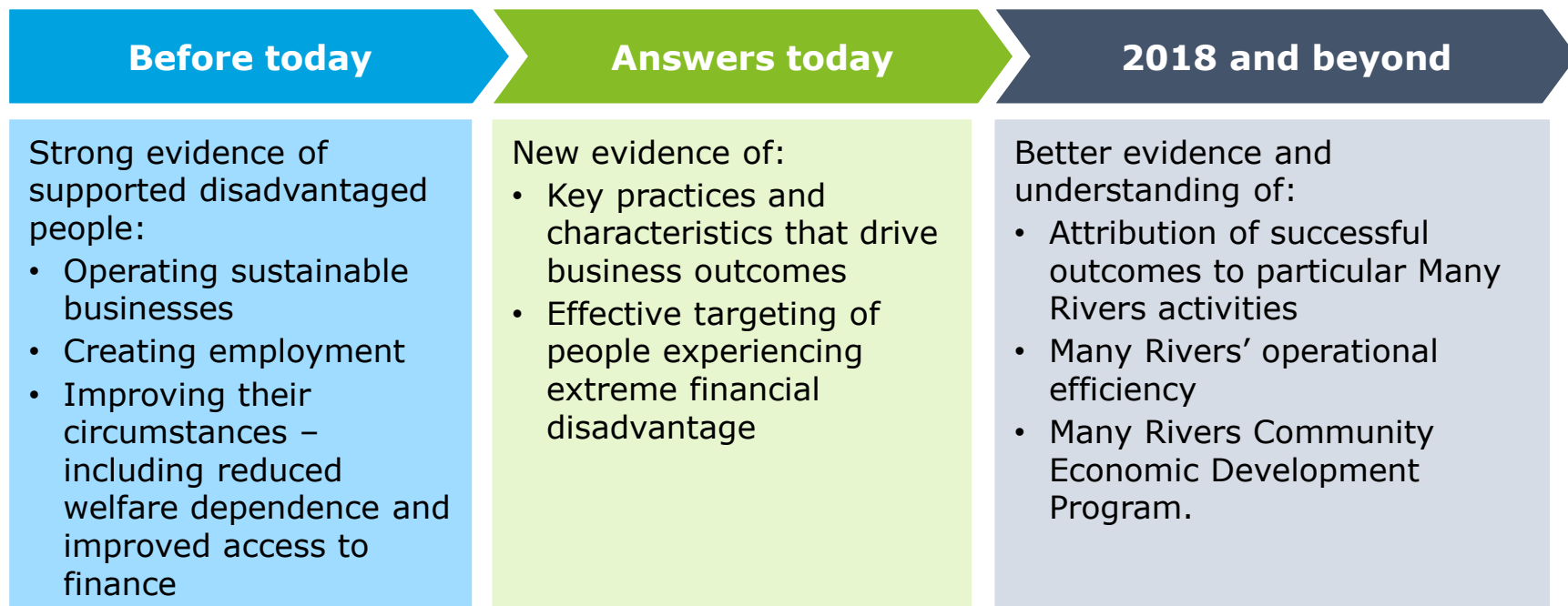
# Many Rivers is making a difference – by sharing understanding of the drivers of business and client outcomes

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- > As Many Rivers matures, it is increasingly focusing on understanding the motivations and factors affecting clients and businesses, as well as how Many Rivers can influence these.
- > Challenges cited by clients in operating businesses are common to the business owners generally, and not unique to the Many Rivers cohort. These includes issues with work-life balance, logistics, marketing and financial stress. In addition to business related challenges, many clients experience significant personal, family and community related events. These negatively impacted 34% of Many Rivers businesses in the last year.
- > Field Officers, and the support they provide to businesses, are reported as important in overcoming business challenges. Clients commonly reported that the most useful supports from Field Officers were business acumen and financial knowledge, support and encouragement and a constant presence.
- > Certain client practices and behaviours present as predictors of business success. For example, hours per week spent working on the business is positively correlated with business income. Also, using a record keeping service, which is associated with increased business longevity, greater access to finance and better loan repayment rates.
- > Some business and client characteristics are also associated with better business outcomes. Having a source of income other than welfare is associated with greater business duration, loan repayment rates, and a higher likelihood of a soft landing. Also, a business having two owners, and/or an owner who is a homeowner, is associated with better access to finance.
- > Language difficulties, limited literacy and numeracy, a disability and living in public housing are each negatively associated with access to finance.

# Many Rivers will make a further difference – by improving attribution and efficiency in the impact its creating

- > As more data becomes available each year, additional evaluation questions can be addressed, and those being addressed can be answered with more confidence.
- > To date, Many Rivers has clearly articulated its **appropriateness**, outlining how it helps realise economic and social value for people experiencing disadvantage. The evaluation also continues to demonstrate, with ever greater clarity, the **effectiveness** of Many Rivers activities.
- > The next step is to examine the **efficiency** of Many Rivers operations, and how the 'appropriateness' and 'effectiveness' extends to **Many Rivers Community Economic Development**.



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1. Many Rivers is serious about measuring the social and economic impact of its activities...



# Many Rivers creates economic value through its activities

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Many Rivers services support economic and social value creation through:

- 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.

These mechanisms generate 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 goods and services of the business
- > Australian communities more broadly through higher tax revenues, reduced burden on the public welfare system and other flow-on benefits.



# Many Rivers is committed to evaluating its impact

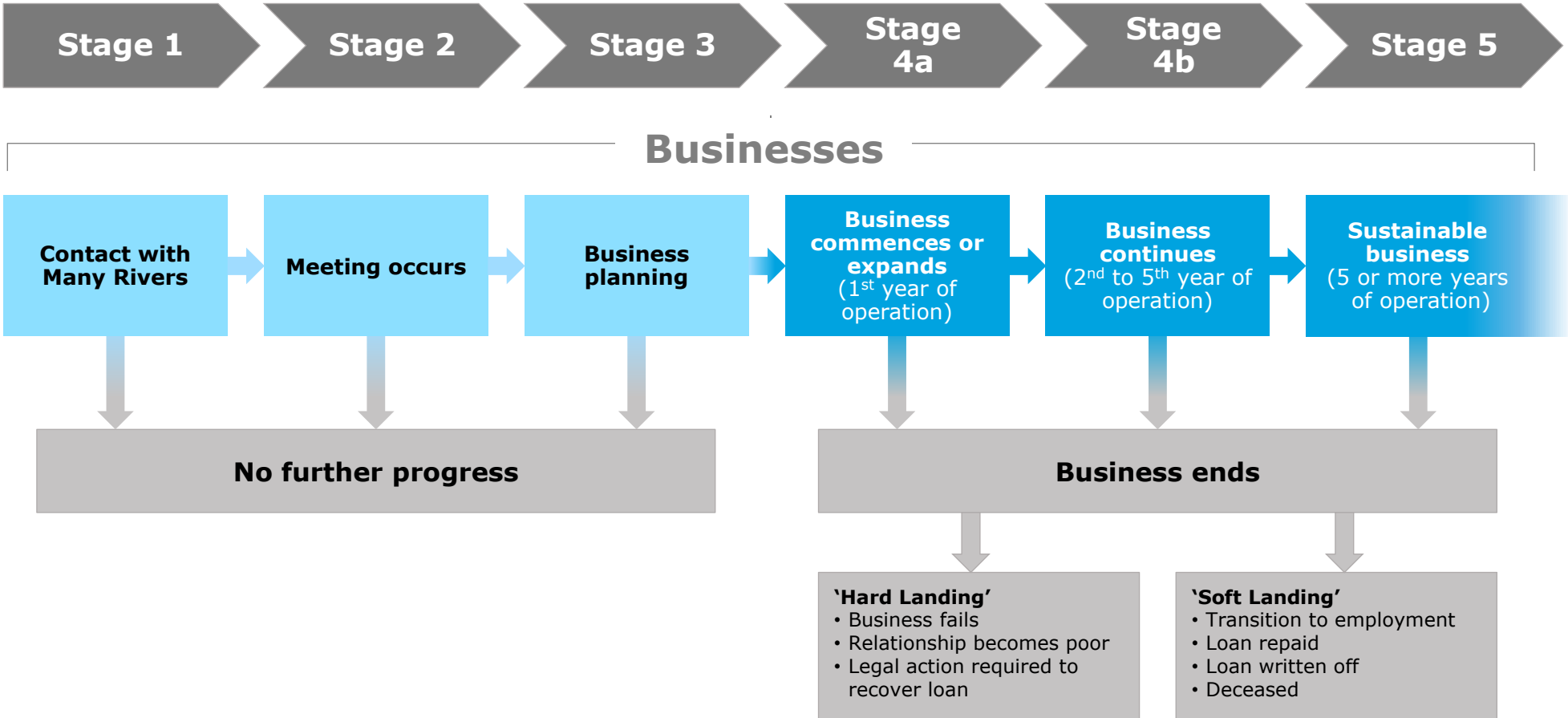
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## **Many Rivers is committed to a 10-year journey to measure the economic and social value of its activities**

- > In 2012, Deloitte Access Economics developed an **evaluation framework** to examine the impact of Many Rivers' activities on clients and communities through supporting the creation of sustainable business among marginalised people
- > In 2013, Many Rivers implemented a **comprehensive data tool – 'Compass'** – which embeds data collection for evaluation in the customer relationship management system, enabling a data driven, evidence based and innovative understanding of Many Rivers' outcomes
- > From 2014, Many Rivers has collected **Client Stories**, interviewing clients about their journey while working with Many Rivers.
  - > These stories provide an additional level of impact fidelity and understanding of the conditions for success
- > In 2017, Deloitte Access Economics has undertaken the **5<sup>th</sup> annual evaluation** to assess the activities and impacts to date
  - > As the evaluation focuses on current clients and operating businesses, the findings represent a lower bound of the value of Many Rivers' activities
- > In the future, this evaluation will seek to further **attribute positive outcomes** to specific Many Rivers activities, assess Many Rivers' **operating efficiency**, and measure Many Rivers impact on **engaged communities**

# The key stages of the Many Rivers client journey underpin the measurement of outcomes

> Many Rivers seeks to take clients on a journey from initial contact through to a sustainable business.



2. Many Rivers is helping individuals experiencing disadvantage to create and expand sustainable businesses...



# Many Rivers seeks to support disadvantaged people to create or expand businesses

- > Many Rivers seeks to work with people who **possess the ideas and skills** to establish sustainable businesses, **but lack the necessary financial and/or non-financial support** to do so.
  - > Many clients live in disadvantaged communities, are Indigenous and are from regional and remote areas of Australia.
- > For the purposes of this evaluation, clients experiencing disadvantage have been characterised as those where **at least one indicator** of '**personal capacity**' and '**financial disadvantage**' applies to them.

Personal capacity	Financial disadvantage
Did not complete high school	Complete or substantial welfare dependence
Sole parent	Assets below \$50,000
Difficulty communicating in English	No or restricted access to financial institutions
Individual with a disability	

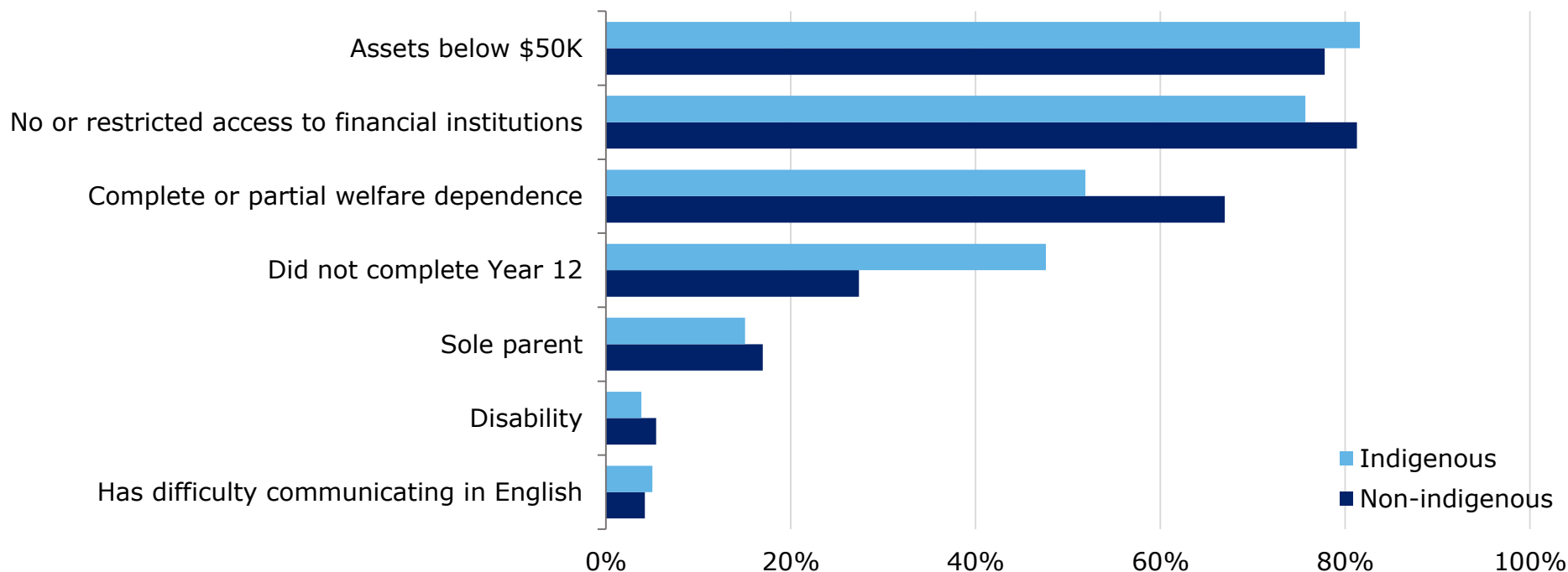
These categorisations are agreed between clients and their Many Rivers Field Officer.

- > Additionally, the **primary target clients** facing disadvantage are those experiencing high levels of both welfare dependence and restricted access to financial institutions.

# Clients represent diverse cultures, and experience various forms of disadvantage when first engaging with Many Rivers

- > Many Rivers clients experience a range of different measures of disadvantage. The most common indicators are 'Assets below \$50K' and 'No or restricted access to financial institutions'.

**Share of clients by measure of disadvantage**

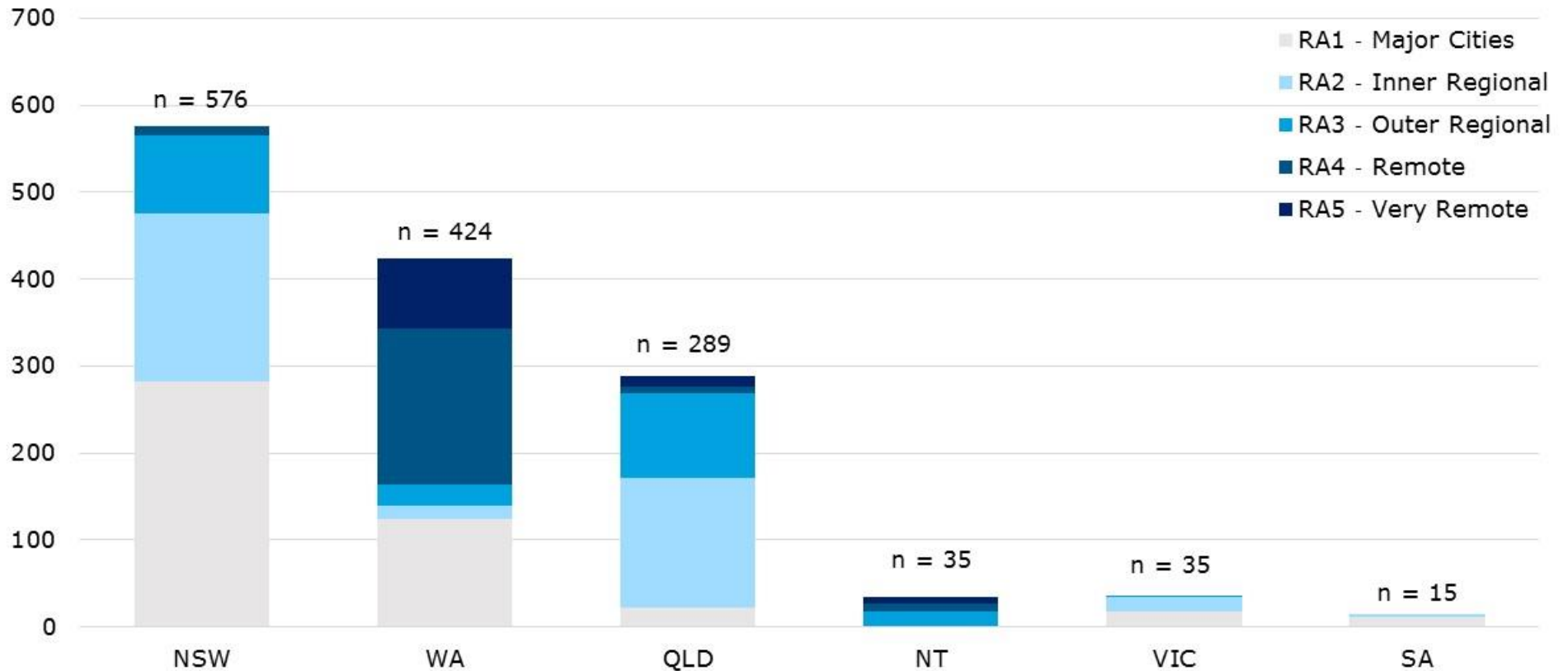


- > Clients come from 105 different ethnic backgrounds. This represents a significant increase over 2016, with 29 additional ethnicities represented. 12% of clients (449 out of 3778) who reported their ethnicity are from outside Australia. 4.2% of clients are culturally and linguistically diverse (CALD).

# Many Rivers supports 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: This data refers to all businesses (operating and ceased) that reported their location.

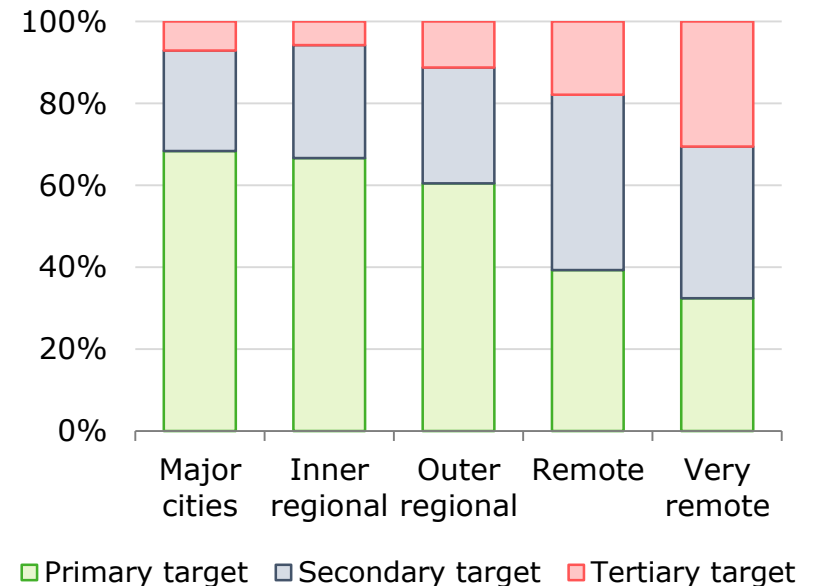
# Many Rivers increasingly targets welfare dependency and financial exclusion

- > Many Rivers' targeting has become more refined in 2016 and 2017, with 89% of new clients being in the primary and secondary target cohort (in green and grey below) compared to 84% prior to this.
- > A significantly lower share of clients from remote or very remote areas fit within these cohorts.
  - > Many Rivers reports that this reflects their being open to supporting remote businesses, that go on to support other disadvantaged individuals in their communities through employment opportunities.

**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%

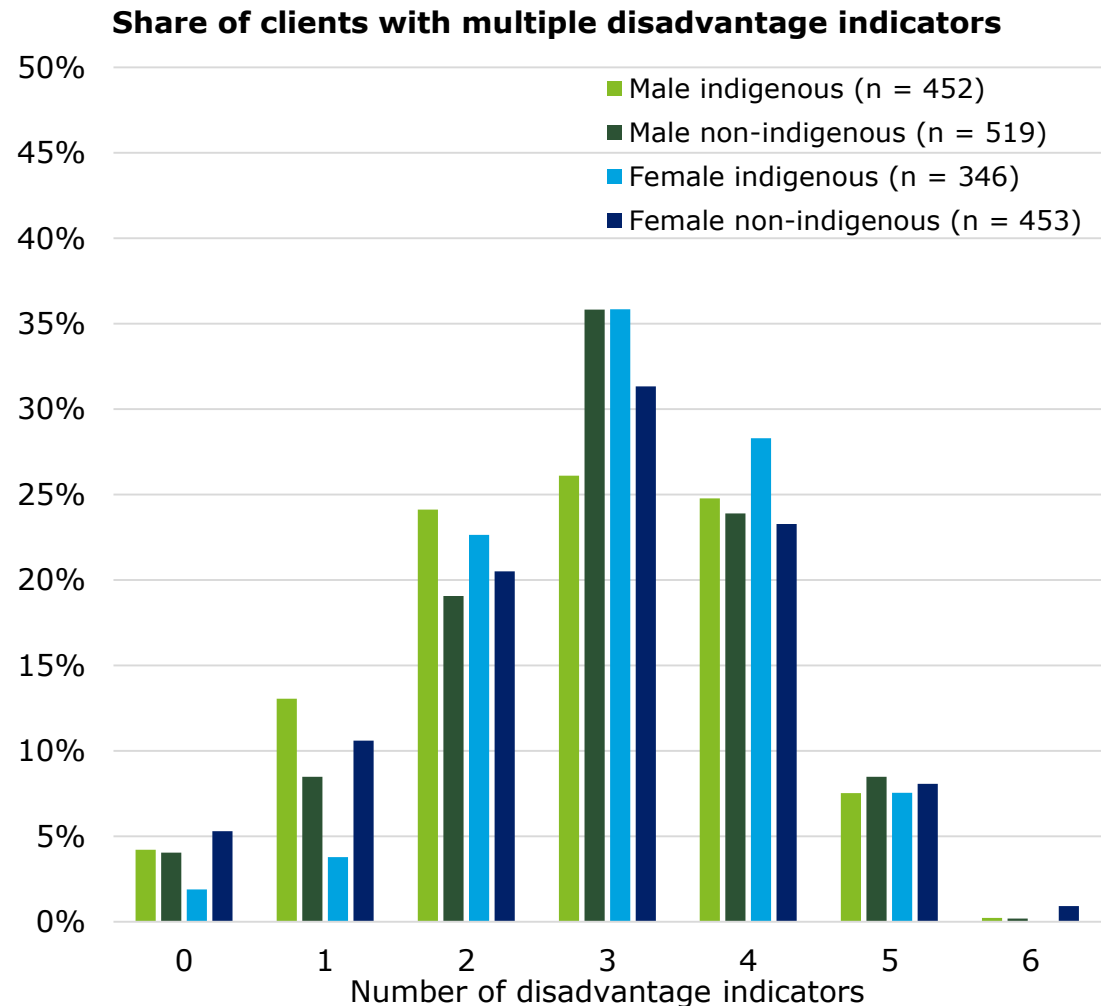
**Target cohort by remoteness  
(all clients, all years)**



Financial exclusion

# There is variation in the extent of disadvantage faced by Many Rivers clients

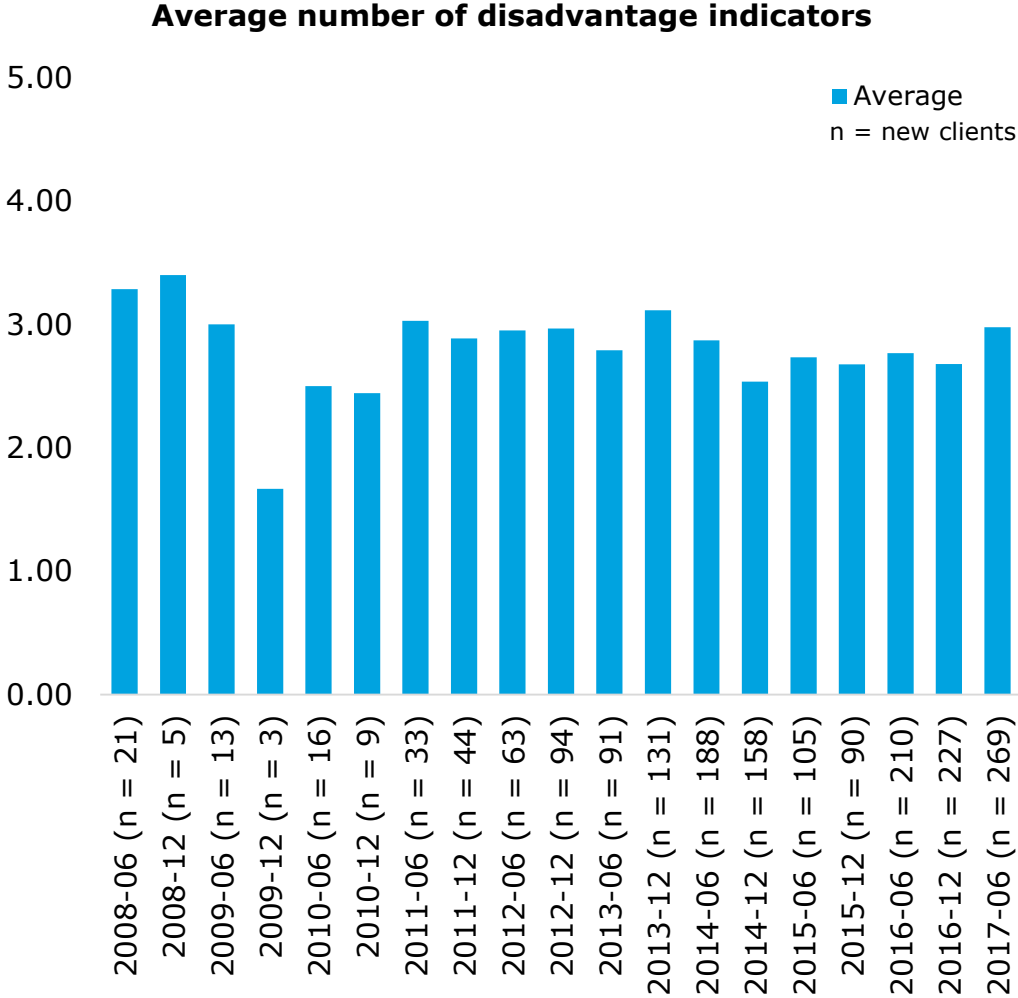
- > 56% of Indigenous and 46% of non-Indigenous clients initially face both personal capacity and financial disadvantage.
- > About 61% of Indigenous and 65% of non-Indigenous clients initially face three or more disadvantage indicators.
- > Male and female clients face the same average level of disadvantage (as defined).
- > Clients in Remote and Very Remote regions tend to experience the lowest levels of disadvantage, relative to clients in Urban and Regional areas.
- > This difference is most pronounced in measures of financial disadvantage.





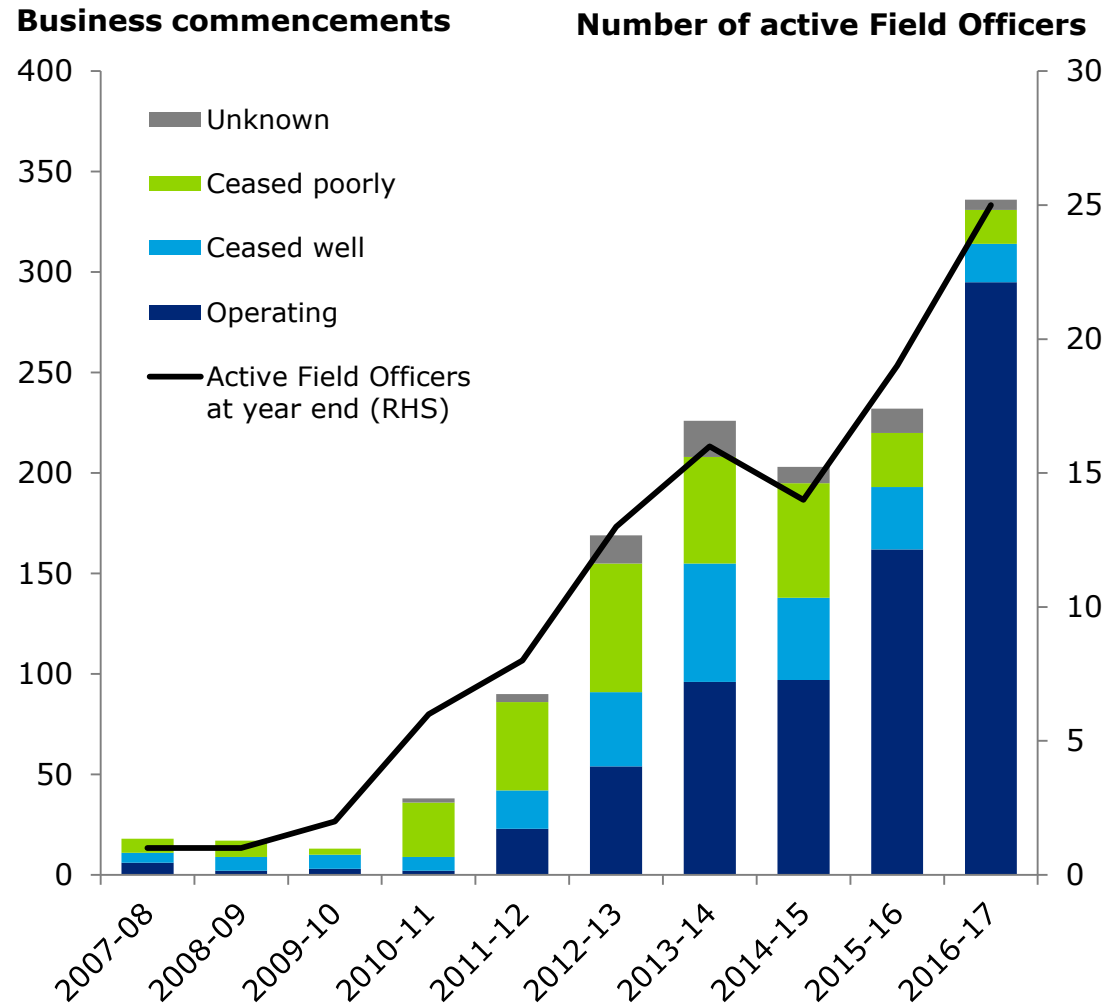
# The average level of disadvantage characterising Many Rivers' clients has been relatively stable since 2011

- > 95% of clients face at least one type of disadvantage (remaining stable over the past 12 months).
- > 49% of clients have at least one personal and one financial indicator of disadvantage.
- > Since FY 2011, clients experience on average 3 forms of disadvantage.



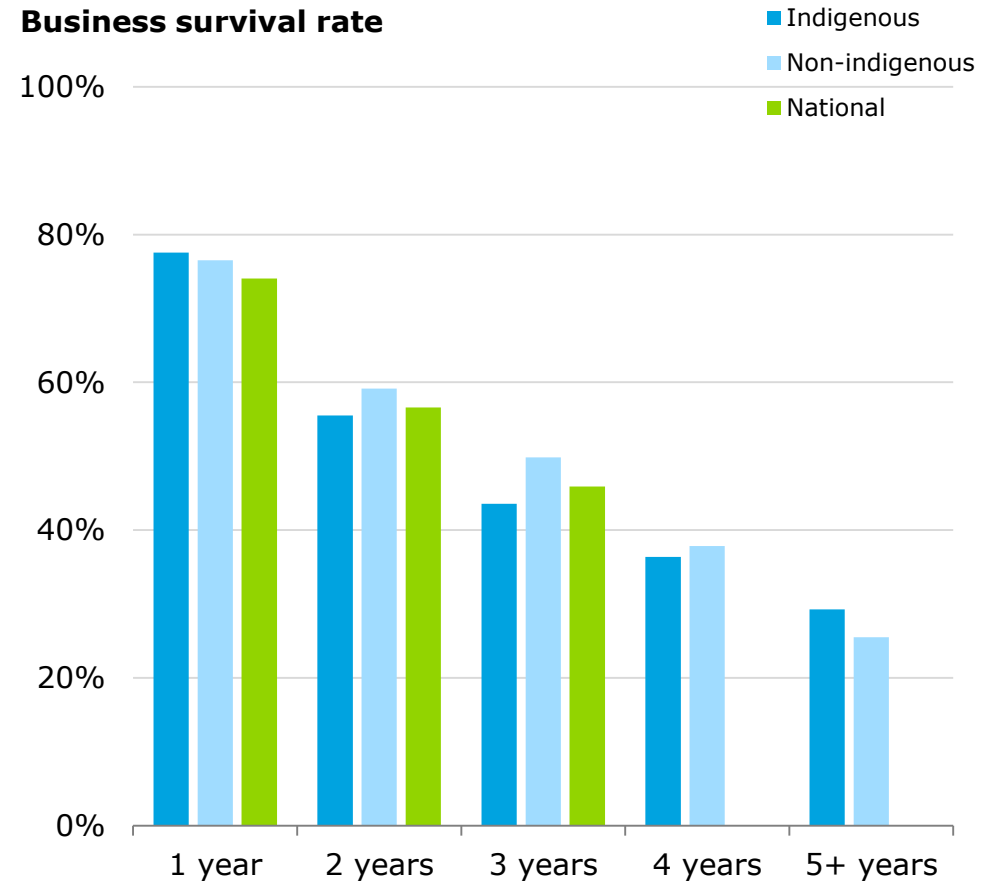
# Many Rivers has engaged with 4,742 clients and helped create or expand 1,391 businesses to date

- > Many Rivers is estimated to have engaged with 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 increase in new businesses to date.
  - > 59% of all businesses supported to date are currently operational.



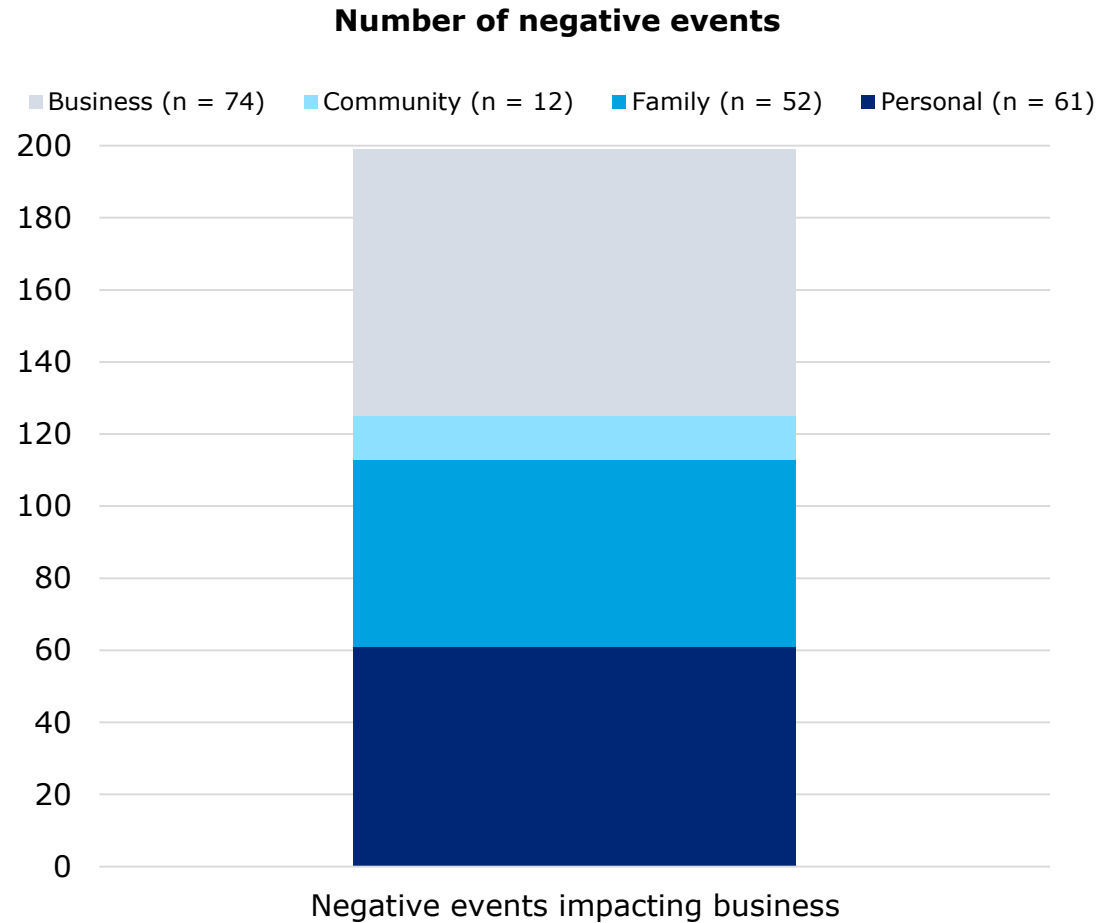
# Despite high rates of disadvantage, Many Rivers businesses have similar survival rates to the average small business

- > The survival rate of Many Rivers supported businesses is similar to the national average (for non-employing businesses) for the first three years:
  - > After one year: 77% (74% nationally – statistically significant difference)
  - > After two years: 57% (57% nationally)
  - > After three years: 47% (46% nationally)
- > Compared to 2016, slightly more Many Rivers businesses are failing in their second year, but the ones that survive past this are more likely to continue operating after three years.



# Many Rivers businesses are likely to experience one or more negative events affecting their business

- > 34% of Many Rivers operating businesses (of the 371 businesses who provided a response) reported experiencing a negative event impacting their business operations. These could be personal, family, community or business related.
- > Most businesses experience more than one event, often across multiple categories.

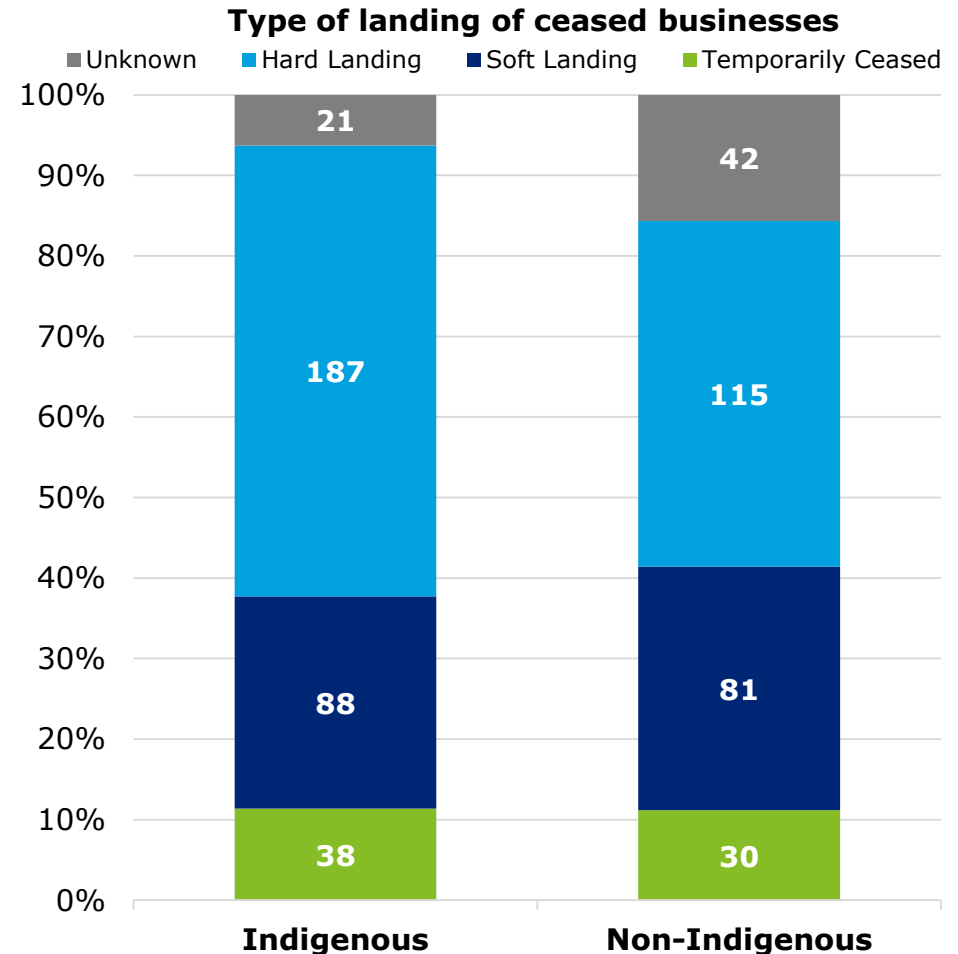


Note: Businesses can report experiencing multiple negative impacts. Category of impact is recorded, so where businesses experience multiple impacts of the same category, this is not captured.

Note: n = number of businesses that reported at least one event of this type

# 602 Many Rivers businesses have ceased or have an unknown status, with 28% experiencing a 'soft landing'

- > 41% of Many Rivers businesses have ceased or have an unknown status.
- > 28% of ceased (or unknown) businesses experienced a 'soft landing', over half of which transitioned to employment.
- > 36% of ceased or unknown businesses have not yet repaid a loan. This has increased from 29% in 2015-16, and is similar to 2014-15 (37%).
- > A third party has been engaged to help recover a loan for 30% of ceased businesses that were given a loan.
- > To date, 79 ceased businesses (17% of those given loans) have had loans written-off, with an average write-off of 76% of the loan amount. Of these, five clients are deceased.
- > As a business' duration increases, it is less likely to experience a negative outcome if they cease.



A soft landing is defined as a business ceasing due to the owner retiring, selling the business, obtaining other employment, relocating or passing away.

3. Many Rivers is helping improve the economic and social circumstances of clients and their communities...



## Many Rivers businesses currently employ 1,575 people

- > Many Rivers conducts a census of all (current and contactable) businesses to record the number of employees in each business.
  - > This provides valuable employment data on many businesses for which a response to the annual Business Compass survey could not be ascertained.
- > In total, Many Rivers businesses currently employ 1,575 individuals.
  - > This includes owners, full-time, part-time and casual employees, and contractors (as defined by the ABS).
- > On average, each business employs 2 individuals.

### Employment by type

	Operating businesses	Total employment	Business owners			Other employees				
			Full-time	Part-time	Total	Full-time	Part-time	Contractors	Casuals	Total
<b>Total</b>	<b>775</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>
<b>Indigenous</b>		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 businesses are generating revenue and economic value

- > Currently supported businesses report an average monthly turnover of \$3,700.
  - Using the untrimmed mean\*—a less conservative average measure—monthly turnover is estimated to be \$5,450.
- > This translates to an estimated annual turnover of \$34.8 million, or potentially as high as \$51.6 million using the untrimmed mean.
- > Total annual net profit before tax (NPBT) was estimated as \$14.9 million, and total net assets were \$15.7 million.

### Averages and totals of business income, net profit before tax and business assets

	Business income			NPBT			Business assets (net)		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
<b>Median (monthly)</b>	<b>\$1,650</b>	<b>\$1,250</b>	<b>\$2,000</b>	\$500	\$250	\$1,000	\$6,900	\$5,200	\$6,900
<b>Mean (monthly)</b>	<b>\$3,700</b>	<b>\$4,300</b>	<b>\$4,800</b>	\$1,600	\$1,000	\$2,900	\$15,650	\$13,000	\$13,600
<b>Untrimmed mean* (monthly)</b>	<b>\$5,453</b>	<b>\$5,412</b>	<b>\$6,838</b>	\$2,077	\$1,509	\$2,859	\$25,500	\$20,000	\$24,300
<b>Estimated total (annual)</b>	<b>\$34.8m</b>	<b>\$32.0m</b>	<b>\$27.3m</b>	<b>\$14.9m</b>	<b>\$7.5m</b>	<b>\$16.3m</b>	<b>\$15.7m</b>	<b>\$10.0m</b>	<b>\$8.7m</b>
<b>Untrimmed estimated total* (annual)</b>	<b>\$51.6m</b>	<b>\$40.1m</b>	<b>\$39.0m</b>	<b>\$19.7m</b>	<b>\$11.2m</b>	<b>\$16.1m</b>	-	-	-
<b>Number of businesses</b>	<b>789</b>	<b>618</b>	<b>475</b>						

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

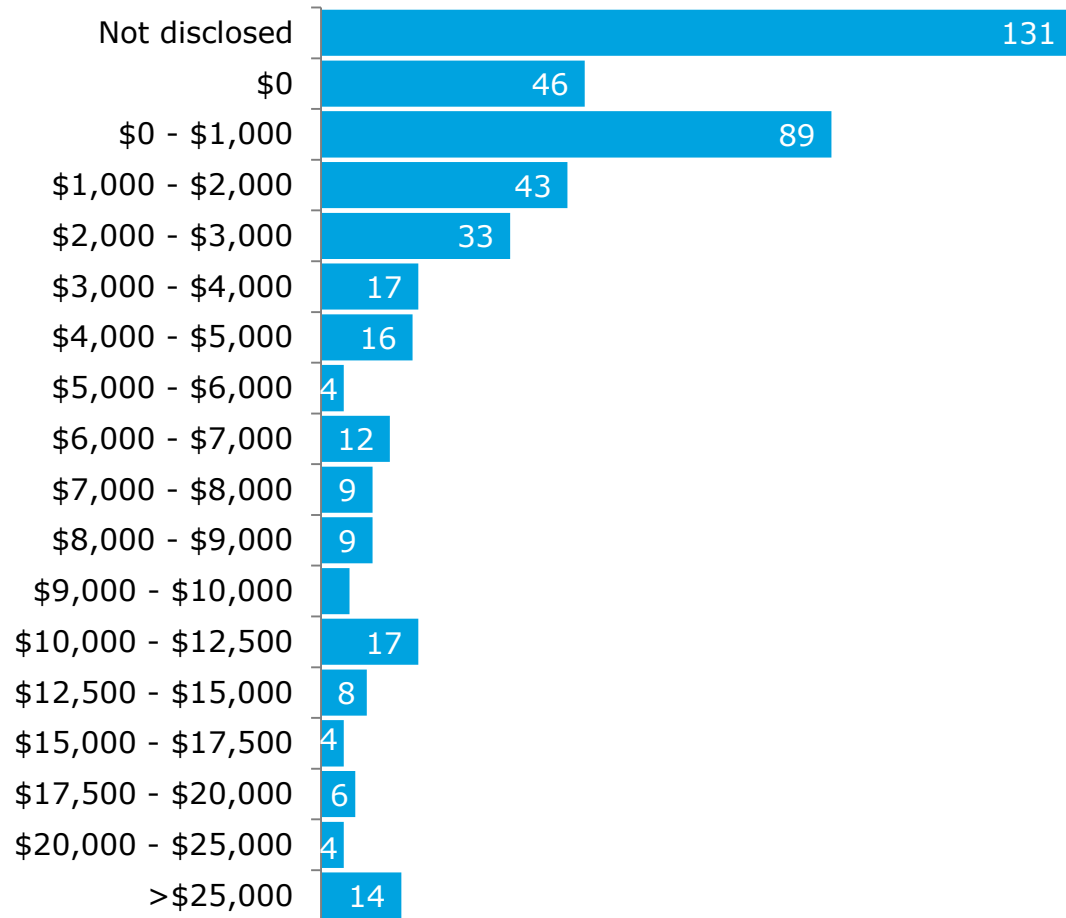
Note: Median and mean rounded to the nearest \$50. Sample sizes reported in the appendix. Total operating businesses as at 7 September 2017.



# Business turnover varies substantially across businesses, with the largest earning over \$1 million a year

- > Many Rivers businesses report a wide range of turnovers, with businesses most commonly reporting a turnover between \$0 and \$2,000 per month.
- > The top five earners (all above \$48K monthly) account for approximately 8% of total reported income
- > The top business reported an estimated annual turnover of \$1.4m.

**Number of operating businesses by monthly income**



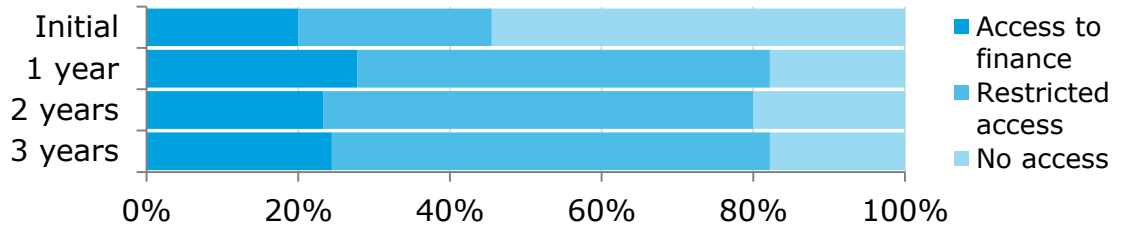
Note: a total of 336 operating businesses disclosed income data for 2017.

# As Many Rivers businesses continue to operate and mature, clients improve their economic circumstances

The following data refers to clients whose business operated for at least three years.

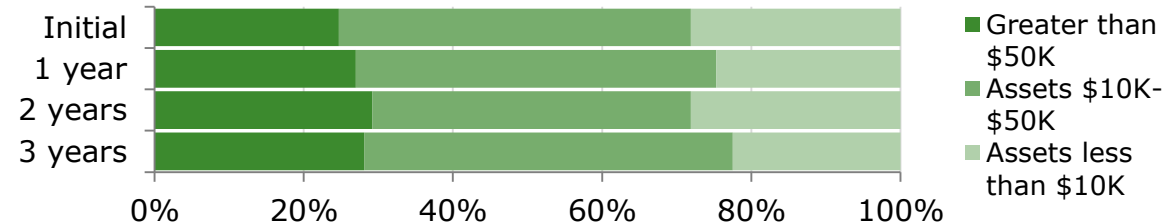
- > Initially, 46% of clients have some access to financial institutions, increasing to 82% after the business has operated for three years. This increase is statistically significant.

## Access to Finance



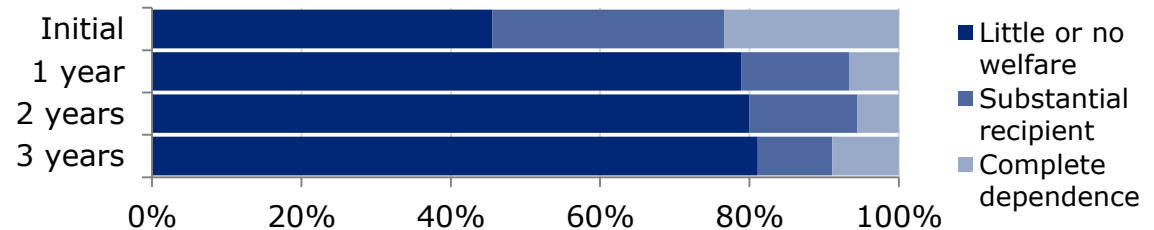
- > Initially, 25% of clients have personal assets >\$50K. This increases to 28% after the business has operated for three years.

## Personal Assets



- > Initially, 46% of clients are independent of welfare. This increases to 81% for clients with businesses still operating after three years. This increase is statistically significant.

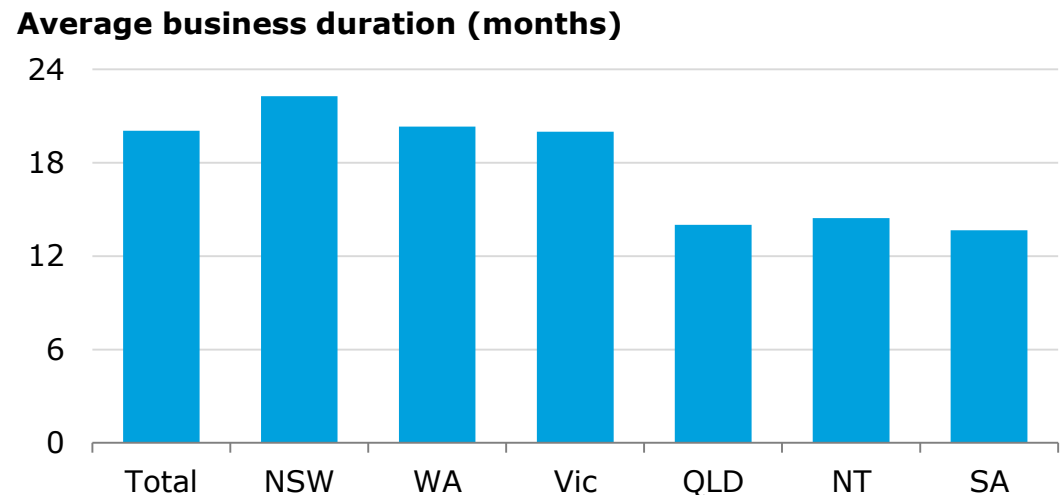
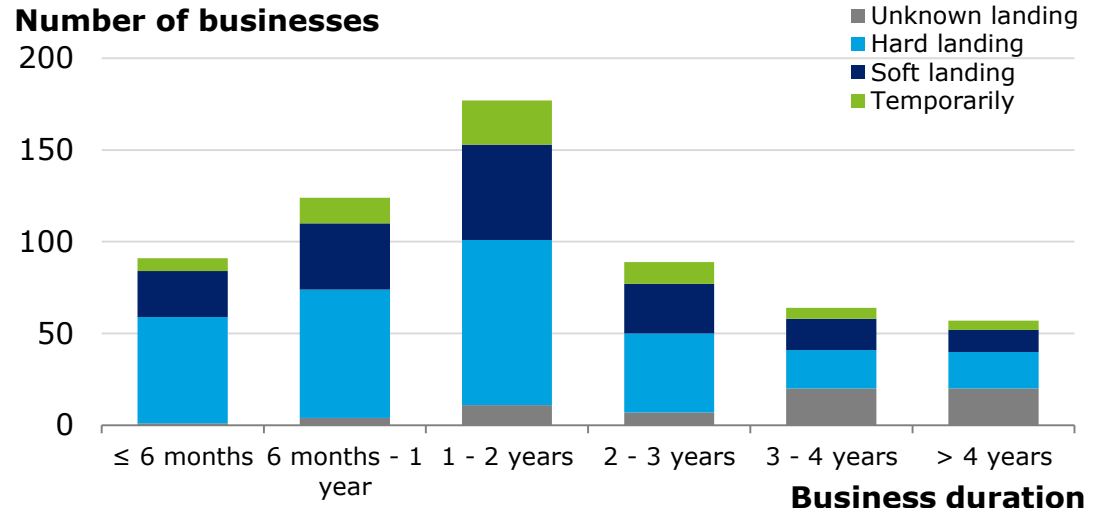
## Welfare Dependency



Note: This methodology has changed from previous years, and now captures a common cohort of clients in each of the four years. This means that observed changes in outcomes reflects the change in circumstances for the cohort as their businesses mature. The methodology used in prior years is presented in the appendix. The sample size is 90 clients, from the 1,770 initial business Compass records.

# Ceased businesses created value while operating, with ceased businesses operating for 1.6 years on average

- > Many Rivers businesses that have ceased have operated for 1.6 years on average, with 35% of all ceased businesses operating for more than two years.
  - > Businesses in NSW, WA and Vic operated on average for around 7 months longer than those in NT, SA and QLD.
- > While operating, these businesses created economic activity, not reflected in the totals presented elsewhere in this report.
  - > Given an average duration of 1.6 years and average income of \$10,181 per year, Many Rivers ceased businesses (including unknown landing) generated a total of \$9m over their operating period.



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

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- > Certain client behaviours and characteristics 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 increased business longevity, greater access to finance and better loan repayment rates.
  - > **Not taking out a loan**, or taking out a **larger loan**, is associated with businesses lasting longer, but if the business ceases there is more likelihood of a hard landing. Conversely, **small loans** are associated with a positive landing if a business permanently ceases operating, but greater likelihood of ceasing.
  - > **Having a source of income other than welfare** is associated with greater business duration, loan repayment rates, and a higher likelihood of a soft landing.
  - > **Being located in a more remote area** is associated with better loan repayment rates, but a harder landing if a business ceases. It is also correlated with better access to finance.
  - > A business having **two owners**, and an owner who is a **homeowner**, is associated with better access to finance. While having language difficulties, limited literacy and numeracy, a disability and living in public housing are negatively associated with access to finance.
- > As additional years of data are collected, the Evaluation will be able to strengthen conclusions around the drivers of business success.

4. Many Rivers is collecting client stories, to better understand their journey...



# Client stories provide insights into the business journeys experienced by clients

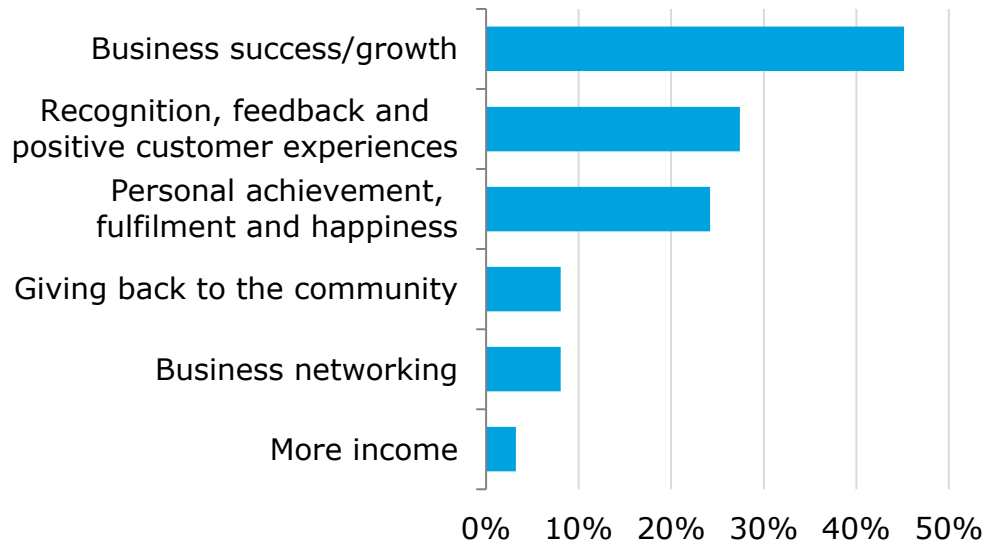
Client stories are collected through interviews with clients with operating businesses. These capture clients' aspirations, challenges, positive outcomes and expectations for the future. 2016-17 clients stories are presented in this report.

Story theme	Description	Example questions
<b>Aspirations</b>	What clients aspire to accomplish	<ul style="list-style-type: none"><li>• Why did you want to go into business?</li></ul>
<b>Barriers</b>	The challenges clients experience while receiving services from Many Rivers	<ul style="list-style-type: none"><li>• What has been the biggest challenge to date?</li></ul>
<b>Enablers</b>	The services clients received from Many Rivers and the ones which they found the most useful	<ul style="list-style-type: none"><li>• What services did you receive from Many Rivers? How did it help?</li><li>• What did you find the most useful about the assistance from Many Rivers?</li><li>• How has the Field Officer supported you through these challenges/successes?</li></ul>
<b>Outcomes</b>	The changes clients have experienced since receiving services from Many Rivers	<ul style="list-style-type: none"><li>• What is your life like now that you have started your business?</li><li>• What has been the biggest success to date?</li><li>• What has been the biggest change for you and your family since you started your business?</li></ul>
<b>Expectations</b>	What clients expect from the future	<ul style="list-style-type: none"><li>• What do you hope to achieve in the future?</li><li>• Do you feel like the opportunities for you and your family have grown?</li></ul>

# Clients experience positive outcomes as their businesses progress

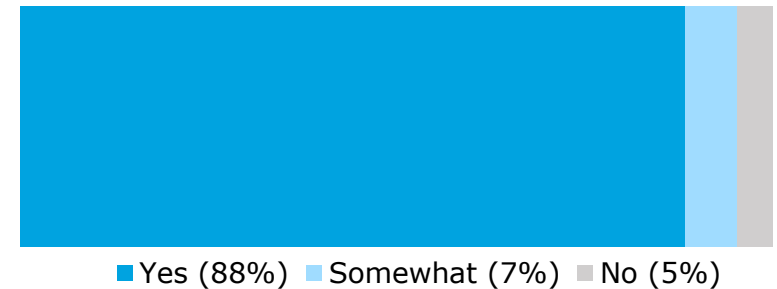
- > Clients reported experiencing a number of positive outcomes since the commencement of their Many Rivers journey, with the biggest successes relating to the growth of their business.

**Client Stories Question: What has been the biggest success to date?**  
(Client Stories, n = 62)



- > The majority of clients felt the opportunities for them and their families have grown.
  - > 95% reported that opportunities have grown at least somewhat since starting a Many Rivers business.

**Client Stories Question: Do you feel like the opportunities for you and your family have grown?**  
(Client Stories, n = 43)

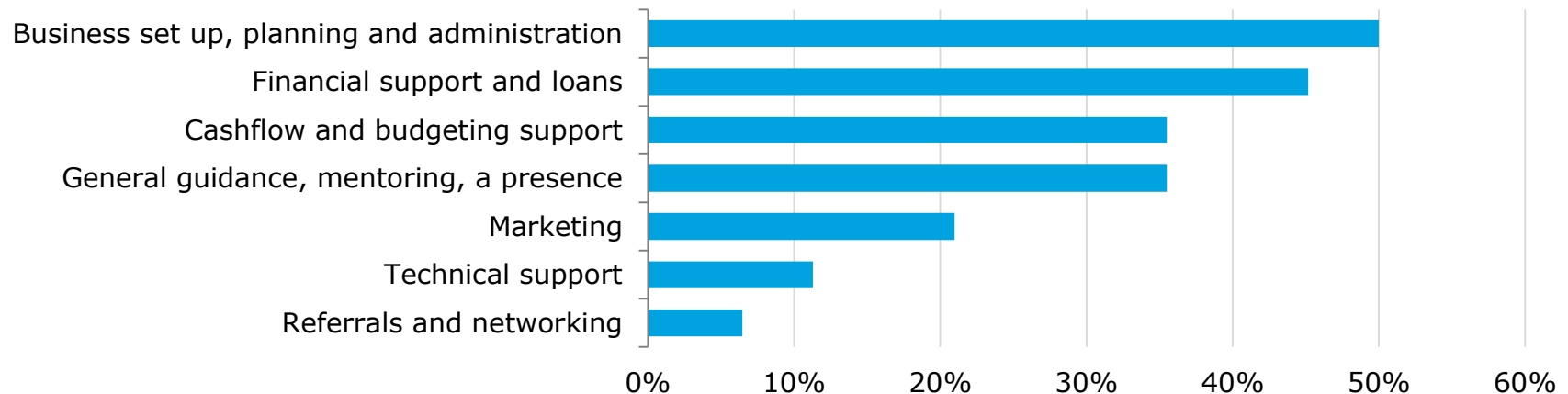


Note: These are coded individual responses to a freeform question.

# Business set up, planning and administration and financial support remain the most common services

- > In addition to providing access to finance, clients are accessing a broad range of support services from Many Rivers.
- > The most commonly used support services were business set up, planning and administration, financial support and loans, cash flow and budgeting support, and general mentoring and guidance.
- > Many Rivers is continuing to support and address additional community needs:
  - > Many Rivers now records and classifies the service type delivered, duration and medium of each and every interaction with a Client.
  - > A mentoring program was introduced in late 2015.
  - > Remote businesses are continuing to be supported to bring their goods to market through the Remote Product Distribution Pilot Pop-Up Shops.

**Client Stories Question: What services did you receive from Many Rivers?**  
(Client Stories, n = 70)



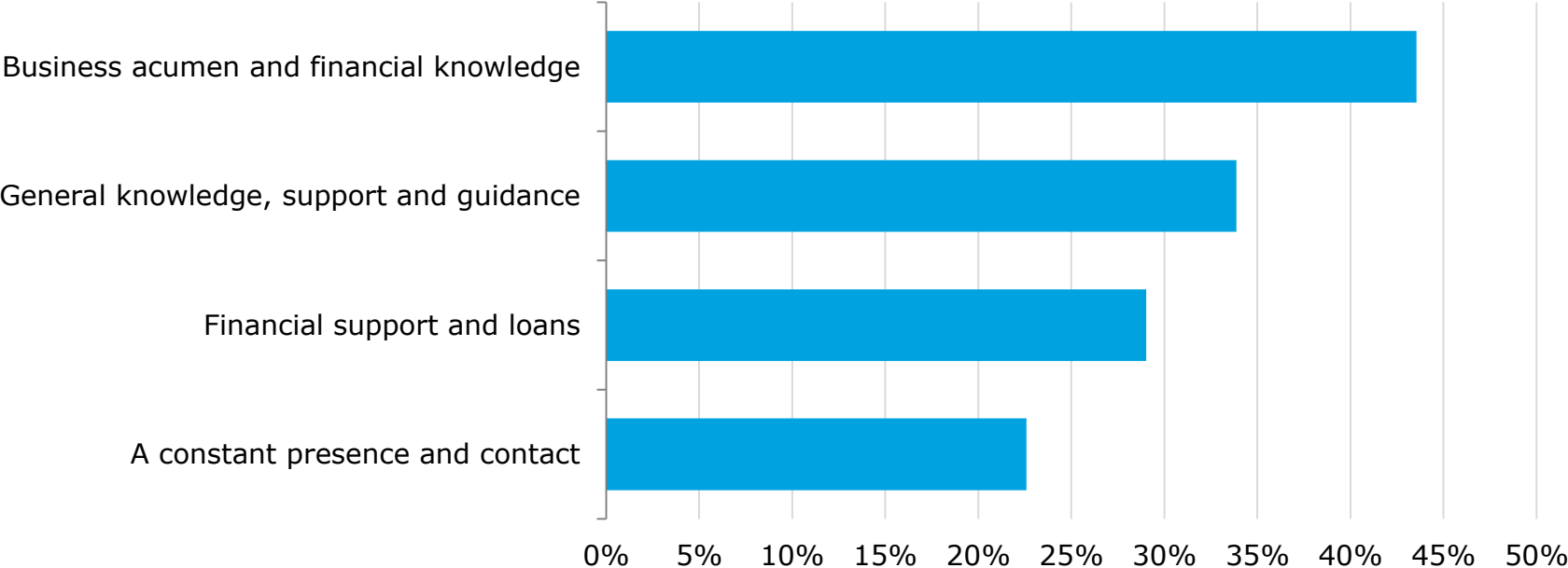
Note: These are coded individual responses to a freeform question.



# Field Officers and the support they provide are key to the Many Rivers service offering

- > Clients stated that they found the most useful supports to be access to Field Officers' business acumen and financial knowledge.
- > The Field Officers' general knowledge, support and guidance; the financial support and loans; and having a constant presence and contact were also considered to be helpful.

**Client Stories Question: What did you find the most useful about the assistance from Many Rivers? (Client Stories, n = 45)**



Note: These are coded individual responses to a freeform question.

# The challenges commonly cited by Many Rivers clients in operating their businesses are typical of all small businesses

- > The biggest challenges identified by clients included maintaining a work-life balance; supply, logistics and other general management issues; financial aspects; and marketing.

**Client Stories Question: What has been the biggest challenge to date? (Client stories, n = 64)**



Note: These are coded individual responses to a freeform question.

5. What will we know  
about Many Rivers  
through future  
evaluation...



# In the future, there will be an enhanced focus on attribution of Many Rivers' success and monitoring efficiency

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- > Over time, the Evaluation will be able to more **accurately attribute success to specific Many Rivers success factors.**
- > On the success side, as Many Rivers continues to collect data and improve data reliability, more definitive conclusions around what drives success for Many Rivers' clients and how Many Rivers can best facilitate this will be drawn.
  - > For example, Many Rivers is collecting a comprehensive set of data on interactions between clients and Field Officers. As this data set improves, it may be possible to generate leading indicators for business success or failure.
- > As the specific areas in which Many Rivers improves client welfare are revealed over time, further analysis will be able to more reliably attribute success to Many Rivers. This will place more robustness on the wider economic benefits of Many Rivers activities.
- > A key step in future evaluations will be to improve the measurement of Many Rivers' operational efficiency.
  - > This would involve further developing a method to understand the cost of improving outcomes for Many Rivers' clients. A variety on inputs, outputs and outcomes would be considered in reaching this view, ultimately similar to how the Evaluation approaches 'effectiveness'.

# Measuring the impact of Many Rivers' Community Economic Development program

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- > Many Rivers' is realising economic and social value not only through working with individual clients, but through providing strategic support for some of Australia's most economically disadvantaged communities.
- > In a new initiative – **Community Economic Development** – Many Rivers is working with regional and remote Indigenous communities who want to establish or expand economic activities on their land.
- > This seeks to strengthen governance and management functions and help build and implement each community's strategic and business plans.
- > The key outcomes are:
  - > Increased community revenue, net assets, employment, investment
  - > Establishment of sustainable microbusinesses
  - > Participation in Many Rivers community programs – Small Business in Schools and Many Rivers Marketplace.
- > In line with its ongoing commitment to measure and understand its impact, **Many Rivers is developing an evaluation framework of this initiative**, tracking the activities and outcomes for engaged communities. This will form a new part of the Many Rivers evaluation from 2018.

# 6. Appendix



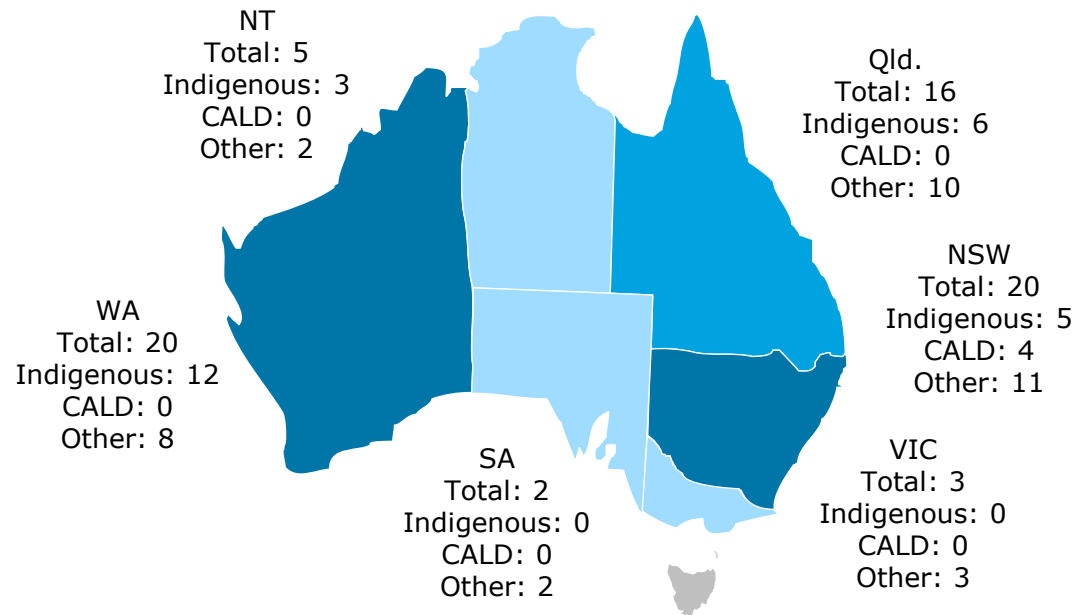
# Compass data collection allows the measurement of activity and outcomes

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- > Many Rivers began collecting client data in 2008. Following the implementation of Compass in 2013, a more **comprehensive and systematic collection** of information is available.
  - > The Compass data collection process continues to be reviewed and refined, so some client and business activity measures have changed over time.
- > As a key input to Compass, in mid 2014 the first **sample of operating businesses were surveyed about their progress**.
  - > This process has since been repeated from 2015 onwards, providing rich insights into the performance of Many Rivers' supported clients and businesses.
- > The evaluation findings draw on a combination of these data sources, and includes a **mix of reported and inferred findings** on Many Rivers' activities and impacts.
- > Each new year of **new data strengthens the conclusions that can be made** about the value being created by Many Rivers.

# Descriptive statistics of Many Rivers client stories for 2016-17

- > 66 unique client stories were recorded in 2016-17.
- > Of these responses, 39% were from Indigenous clients (42% of all clients are Indigenous) and 6.1% were from Culturally and Linguistically Diverse (CALD) clients (4.2% of all clients are CALD).
- > Most of these stories were from WA (30%), NSW (30%) and Queensland (24%), which is reflective of the total client population.
- > Respondents were also representative in terms of remoteness, with most respondents being located in an outer regional, very remote or urban area.





# Additional economic value and client circumstance analysis

- > The majority of clients' business assets are held in equipment, vehicles and inventory.

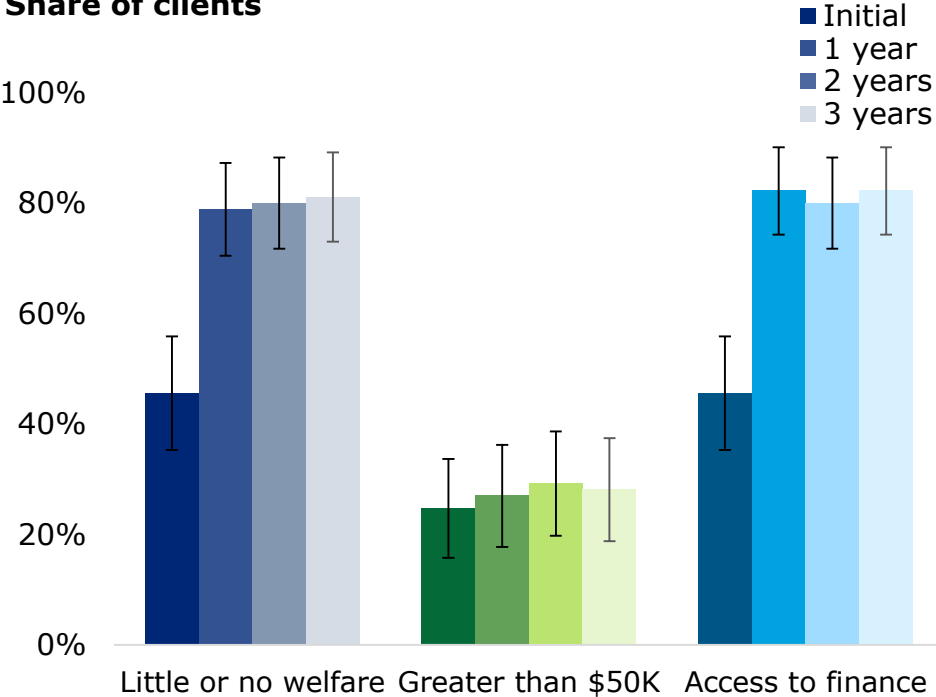
- > Many Rivers clients experience reduced welfare dependence and accumulate personal assets over time.

- > Improvements in access to finance are less significant.

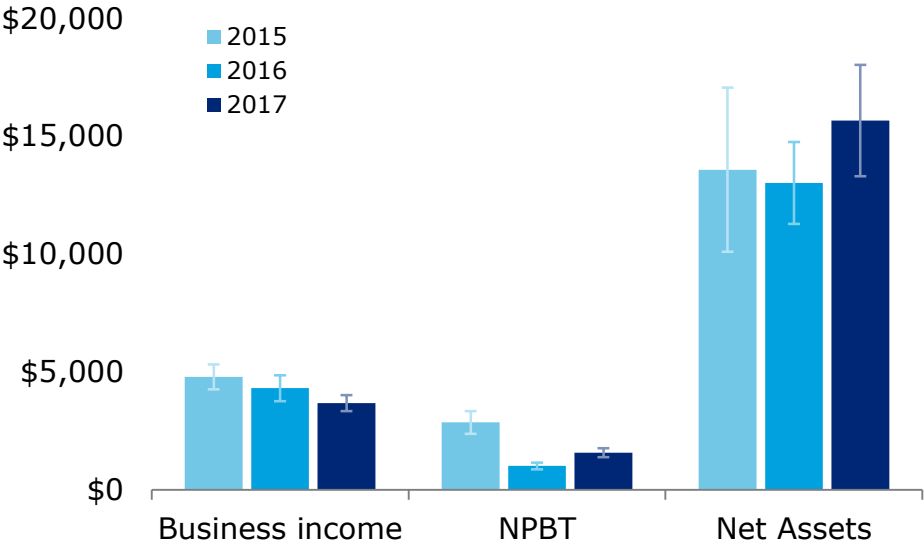
**Confidence intervals around business indicators (trimmed)**

	Business income	NPBT	Business assets
<b>-95%</b>	\$31.6m	\$13.1m	\$10.5m
<b>Total</b>	\$34.8m	\$14.9m	\$12.4m
<b>+95%</b>	\$38.0m	\$16.7m	\$14.2m

**Share of clients**



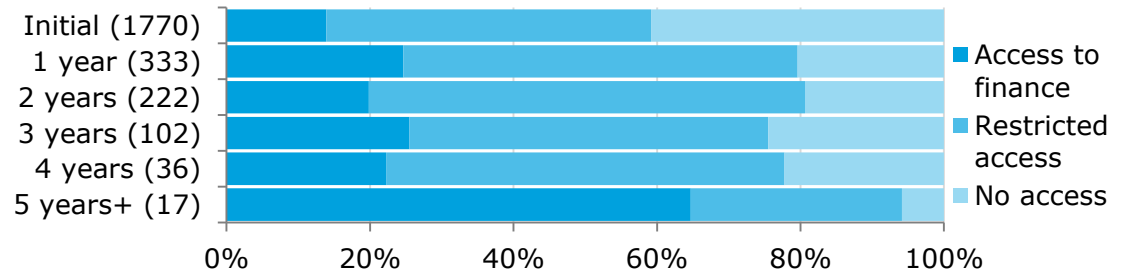
**Trimmed mean of business indicators**



# Clients with more mature businesses experience the best economic circumstances

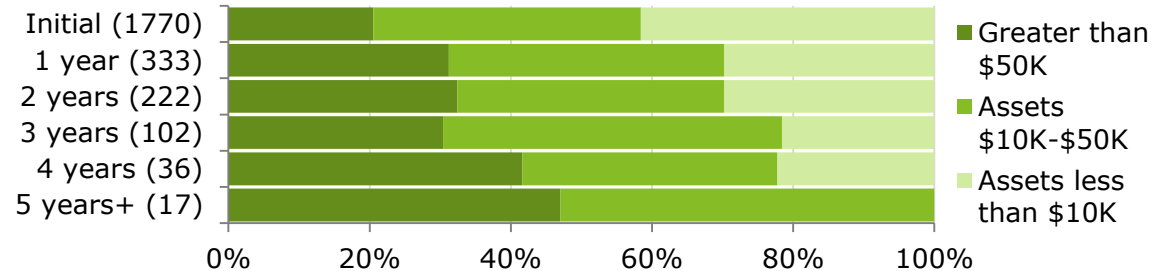
- > Initially, 14% of clients had good access to financial institutions. This increased to 25% after three years.

## Access to Finance



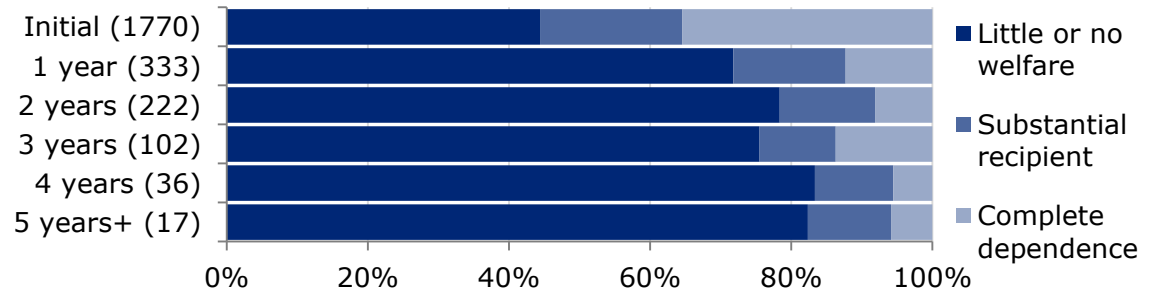
- > Initially, 21% of clients had personal assets >\$50K. This increased to 30% after three years.

## Personal Assets



- > Initially, 44% of clients were independent of welfare. This increased to 75% for clients with businesses still operating after three years.

## Welfare Dependency



Note: This methodology is consistent with previous years and includes all clients with operating businesses at the time period shown. This is in contrast to the cohort analysis in the body of this report, which tracks the one cohort of clients over four consecutive years.

# Econometric Modelling – variables tested

## Duration

n = 1,391, 2008-2017

Results are from a linear regression based on conditional mean pseudo-observations (Parner and Anderson, 2010) capped at 1 year to 5 years.

## Type of landing (business ceased)

n = 471, 2008-2017

Variables considered are the same as in the duration modelling.

Results are based on a logit model of ceased businesses, with a 1 indicating a hard landing.

## Loan non-repayment

n = 1,000, 2008-2017

Results are based on a logit model of loan non-repayment. Non-repayment is recorded when a loan is either written off or a bad debt.

## Access to finance

n = 2,422, 2008-2017

Results are based on a random effects ordered logit model of access to finance. Marginal effects sum to zero.

Variables tested	Duration/Landing	Loan non-repayment	Access to finance
Indigenous	✓	✓	✓
CALD	✓	✓	✓
LLN	✓	✓	✓
Gender	✓	✓	✓
Remoteness	✓	✓	✓
State	✓	✓	✓
Disability	✓	✓	✓
Education status	✓	✓	✓
Welfare status	✓	✓	
Homeowner status	✓	✓	✓
Public housing status	✓	✓	✓
Year			✓
Number of owners in business			✓
Owner previous MR business	✓	✓	✓
Business structure	✓	✓	✓
Duration		✓	✓
Recordkeeping	✓	✓	✓
KPI Status	✓	✓	✓
KPI Type	✓	✓	✓
KPI year	✓	✓	✓
Loan amount	✓	✓	✓
Loan cycle		✓	
Loan year		✓	
Loan repayment status			✓
Number of loans			✓

# Notes and references

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Slide 18: Many Rivers has seen a decline in the reported rate of initial client meetings transitioning into businesses. It is reported that this is due to better information capturing keeping at the early stages of client contact, and not reflective of a change in the actual rate of transition.

Slide 19: National survival rates from ABS Catalogue 8165, Table 12 (2015-16). These rates are calculated from businesses that started in 2012-13.

There is no statistically significant difference in the survivability of Many Rivers businesses that started in the same year as the ABS data (2012-13) and that of all Many Rivers businesses.

The national rate may overstate survival as it includes many businesses that are not comparable to Many Rivers businesses. For example, 7.6% of entries in the ABS data are Financial Corporations, with a three year survival rate of 65%, relative to 55% for Non-Financial Corporations and 48% for Household sector businesses.

Slide 23: Employment counts derived by Many Rivers.

Slide 24: The mean is estimated excluding large outliers (more than two standard deviation from the mean), as these skew the descriptive statistics. Prior to 2017, a large number of outliers were observed. In 2017, fewer large outliers are observed. Hence, the standard deviation is lower, and so the trimmed mean excludes more observations. Due to the lack of outliers, trimming the mean is no longer preferable, however, both the mean and the untrimmed mean are reported here for consistency.

Observation count		
Measure	Untrimmed	Trimmed
Income	336	322
Profit	340	337
Assets	345	340

# Deloitte.

## Access Economics

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