



Case Study

Name of Community Group	Name of Business
Kildonan Child & Family Services	Yarra Valley Water

Partnership Description
<p>The partnership was established in March 2000 to develop innovative programs to assist customers experiencing difficulties paying their water bills.</p> <p>The programs that we have implemented over the past three years focus on early intervention and prevention and are delivered in a way that is empowering, supports self determination and ensures customers are always treated with dignity and respect.</p> <p>The key deliverables of the contract are:</p> <ul style="list-style-type: none"> • access to free, timely independent advice & advocacy for YVW referred customers • operational & strategic advice on the hardship customer segment • review of hardship segment policies & programs • training - fundamental to the partnership • relationship building with other stakeholders, and • facilitation of customer focus groups.

Tell us about Your Community Group	Tell us about Your Business
<ul style="list-style-type: none"> • Established 1881 to provide accommodation for disadvantaged children and young people • Agency of the Uniting Church in Australia • Seeks to strengthen families and help them discover new ways to solve their problems • Emphasis on early intervention to prevent family breakdown • Develops intervention models that have positive outcomes for low income / disadvantaged • Services include home based support, youth & family counselling and mentoring, community housing, financial counselling, support to families affected by domestic violence, school-based programs and youth activities • focuses on increasing understanding of the many issues affecting people's capacity to pay • 	<ul style="list-style-type: none"> • Water Retailer operating in Melbourne's Northern & Eastern suburbs • Commenced operations in January 1995 • State Government owned • Subject to comparative competition with the two other water retail companies in Metropolitan Melbourne. • 620,000 customer accounts. • Services 1.6 million people • 380 employees. • Asset base of \$3 billion. • Annual revenue of \$350 million pa



Why did you want to become involved in a Partnership?

- Recognised need and concern for consumers who were experiencing YVW debt collection practices.
- YVW willingness to discuss issues and make hard decisions
- Kildonan understanding of essential services and structures that impact low income and disadvantaged consumers.
- commitment to systemic change for low income consumers
- need for development of robust & responsive programs
- YVW's openness to hear & discuss difficult issues
- desire to reduce caseload and develop programs and processes that do not require our advocacy
- assist in developing respectful practices in an essential service
- develop programs and processes that maximised our expertise in low income issues
- Recognition that there is a need for a working model of hardship practiced by a utility company.

- Recognition that YVW did not have the answers
- Historically had a large volume of legal actions & restrictions.
- "Unfair Deal" report by FCRC in March 99 identified utilities using aggressive debt collection practices.
- YVW internal audit in October 1999 identified process improvement opportunities and potential to improve debt recovery
- Opportunity to input into policy development
- Recognised the need to train staff in dealing with hardship related issues
- Requirement for a strategic & holistic approach

What were you attracted to when choosing your partner?

- YVW Managements commitment to genuine change.
- YVW willingness to change their debt collection practices.
- YVW preparedness to work through difficult changes and establish new structures.
- A need for a business model for clients facing hardship
- Ease of ongoing communication and mutual respect.

- Kildonan's leadership position in financial counselling industry
- Capacity to provide required level of resources
- Could see the long term potential benefits of this model for YVW and other businesses
- Strategic & operational experience
- Kildonan prepared to "work with" with YVW
- Ability to help YVW to better address issues of low income & disadvantaged
- Kildonan ability to understand and work within business drives.
- Industry leadership in supporting customers in financial difficulty
- Opportunity to develop and



trial new programs
within a business framework

Detail the first steps of the process of developing your partnership. Where did you start?

- Initial steps taken before partnership developed to assess appropriateness and suitability.
- Open and frank discussions of needs and issues facing both consumers and YVW.
- Examination of needs of business and level of understanding around low income issues.
- Development of training to identify needs for Customer Support Team, Call Centre staff and Credit Managers.
- Through our participation in the Customer Consultative Committee.

The key steps that were undertaken were:

1. *Need to define what type of relationship we wanted:*
 - Open - to maximise learning
 - Transparent - to protect both parties
 - Flexible - as the gaps & needs became clearer or changed
 - Commercial – to ensure that it delivered outcomes for both organisations
 - Sustainable – through development of ongoing training & implementation of repeatable processes
2. *Understand the drivers for both organizations*
3. *Develop a commercial structure/contract*
4. *Ensure that regular reporting & catch ups are held to monitor performance and break down any barriers*

What have been the benefits – both short-term and long-term?

- Consumers now can navigate the internal system of YVW resulting in positive experience and good outcomes for both.
- Consumers feeling empowered and respected.
- ability to influence a large utility Company
- application of model & learning's to other similar organisations
- clients can now address situation without need for an advocate
- development of repeatable, robust training programs
- Clients are able to contribute what is affordable rather than what is consumed, and by so doing avoid restriction from an essential service. Experience of a workable model between NGO'S and business with positive client outcomes.

Key Initiatives / Programs

- Development of YVW Hardship policy
- Development of Customer Support Team and a range of customer programs including:
 - Arrange & Save
 - Smart Homes
 - Site visits
- Assisted in the building of financial counselling relationships
- Currently approx 2,000 customers individually case managed
- Total credits granted to customers on the Arrange & Save program:
 - 2001/02 - \$59k (3,185 credits)
 - 2002/03 - \$71k (4,178 credits)
- Total write offs of \$753k of which \$609k was one off and \$144k (801 customers)



as part of expanded Arrange & Save program

- Ongoing reduction in water bills from around 400+ Smart Homes audits

Customers have :

- recognised the change at YVW
- an improved ability to negotiate
- the ability to advocate on their own behalf
- Arrangements that are now based on what they can afford rather than what is owed
- A much more positive relationship with YVW

Customer Comments :

- “The person I speak too understands how hard it is for me and that I really try”
- “When I tell them the truth they believe me”
- “I can tell that when I am talking they are really listening and not judging me”
- “I don’t feel ashamed any more because they know it wasn’t my fault that I couldn’t pay. I have a new arrangement now though and I am keeping up”.
- “I couldn’t believe it, I started to cry. No one has ever done anything so nice for me before”.

Business outcomes:

- Consistent with triple bottom line objectives
- Improved relationship with customers and welfare sector
- Improved YVW reputation and image
- YVW advice/input actively being sought by others
- Elimination of unnecessary collection practices
- Improved financial outcomes of \$50k per month by:
 - ⇒ Establishing realistic payment arrangements
 - ⇒ Building customer loyalty

External validation:

- Model considered best practice by key stakeholders
- Adopted by a number of other utilities (eg AGL) and being considered by others (Telecommunications)
- **Winner of 2003 Prime Ministers**



	<p>Awards - Large Business Encouragement Award Victoria for business & community partnership</p> <p>Overall desired outcomes:</p> <ul style="list-style-type: none"> • Affordability – establish realistic payment arrangements for customers • Education – reduce customers long term water bills • Debt forgiveness – ability for customers to work out of debt position • Community relationships – must be developed & maintained • Consumer feedback – sought & acted upon • Continuous improvement
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What contributions does your organization make to the partnership? (e.g. in-kind support, volunteers, membership on Boards etc)

	<ul style="list-style-type: none"> • No other major contributions • Other initiatives have been implemented (i.e. Christmas Wishing Tree together with Kildonan for YVW to support disadvantaged children with presents). • Annual donation as part our support of all financial counselling agencies in our licensed area.
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What have been the challenges?

<ul style="list-style-type: none"> • Developing a critical friend model. • Understanding different business drivers for both organisations. • Continuing to define and evaluate work and outcomes for consumers. • Creating opportunities for growth and learning for participants, YVW and Kildonan. 	<ul style="list-style-type: none"> • <i>Recognise the potential risks:</i> <ul style="list-style-type: none"> • Difficulty in defining the partnership: <ul style="list-style-type: none"> ⇒ How should it operate? ⇒ What are the objectives? ⇒ What information can we share? ⇒ How could we measure success? ⇒ How could we be sure it delivered value for money? • Arrangement was “ground breaking” • Would the financial counselling industry see Kildonan as “<i>sleeping with the enemy</i>”? • Recognition of the <i>potential</i> competing objectives of the two organisations.
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What have been the lessons?

<ul style="list-style-type: none"> • Develop quickly respectful relationship 	<ul style="list-style-type: none"> • Needs top level management support
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<p>with partners while valuing difference.</p> <ul style="list-style-type: none"> • Need to continue to innovate both with business and programs. • Liaise and work with consumers on their views and needs. • Learn from process and develop recognition of both organisation skills and commitment to process. • Importance of working with people in business with commitment to best practice models. 	<ul style="list-style-type: none"> • Takes time to implement successfully • Resource with the “right” people • Training across the business is fundamental • Expect to make mistakes • Is a process of continual refinement
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What advice could you offer to others thinking of forming a partnership?

<ul style="list-style-type: none"> • Have clear directions and drives with shared vision • Have staff with abilities to adapt and work within different framework. • Stay focused on outcomes. • Develop flexibility in both expectations and timing. • Management commitment to make changes. 	<ul style="list-style-type: none"> • Not an easy process • Need to work with the “right” partner • Understand the drivers of both businesses • Is a process of continual refinement • Needs management support
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What plans do you have for future partnerships – with either your current partner or with other organisations?

<ul style="list-style-type: none"> • Continue to learn from relationship and consumer outcomes. • Continue to innovate in meeting both consumer and YVW needs. • Take leanings from this experience into the wider essential service arena. 	<p>Other partnerships:</p> <ul style="list-style-type: none"> • No immediate intentions to develop any other key partnerships. • Continue to work with financial counselling and welfare industries. • Work closely with other utilities to deliver better outcomes for our customers and the community. <p>Future direction of Kildonan partnership:</p> <ul style="list-style-type: none"> • Provide assistance with communication to customers & key stakeholders • Potential for short term staff transfers to assist in understanding of both organisations processes • Annual review of partnership to confirm it continues to meet both organisations needs.
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If you are willing to assist other businesses or community groups in advice on partnerships would you provide your contact details for others to talk through any questions they may have?

<p>Kildonan Contact Susan Fraser Senior Manager</p>	<p>YVW Contact: Mr Allan Cole Manager Financial Services</p>
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