



Case Study

THE PRIME MINISTER'S
COMMUNITY
BUSINESS
PARTNERSHIP



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Community and Business Partnerships Brokerage Service

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

Partnership Description

The partnership was established in March 2000 to develop innovative programs to assist customers experiencing difficulties paying their water bills.

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.

The key deliverables of the contract are:

- 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

The Community and Business Partnerships Brokerage Service is an initiative of the Prime Minister's Community Business Partnership administered through the Australian Government's Department of Family and Community Services.



This project is managed and sustained through Our Community, with its associate partners – the Australian Chamber of Commerce and Industry and the Municipal Association of Victoria.

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 practises.
- 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

The key steps that were undertaken were:



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.

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 Awards - Large Business Encouragement Award Victoria for business & community partnership**

Overall desired outcomes:

- Affordability – establish realistic



	<ul style="list-style-type: none"> • 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
<p align="center">What contributions does your organization make to the partnership? (e.g. in-kind support, volunteers, membership on Boards etc)</p>	
	<ul style="list-style-type: none"> • No other major contributions • Other initiatives have been implemented (ie 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.
<p align="center">What have been the challenges?</p>	
<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> • 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.
<p align="center">What have been the lessons?</p>	
<ul style="list-style-type: none"> • Develop quickly respectful relationship with partners while valuing difference. • Need to continue to innovate both with business and programs. • Liase 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"> • Needs top level management support • 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



What advice could you offer to others thinking of forming a partnership?

- 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.

- 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

What plans do you have for future partnerships – with either your current partner or with other organisations?

- 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.

Other partnerships:

- 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.

Future direction of Kildonan partnership:

- 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.

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?

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