

Fibre Cancellation Policy

Industry Consultation

What's happening

- In the first six months of 2019, **23%** of submitted fibre orders were cancelled
- The cancellation of a fibre order delivers a poor customer experience which impacts service providers and Chorus' brand and perception
- At this significant rate, it adds substantial overhead costs - each order cancelled is a lost opportunity in revenue retention or gain
- There are many factors that drive cancellations. Although some of these factors sit within Chorus, the cancellation rate varies between service provider. We believe there are things service providers can do to help reduce cancellations ensure it is more likely your customer connects to fibre.

What we are doing to reduce cancellations

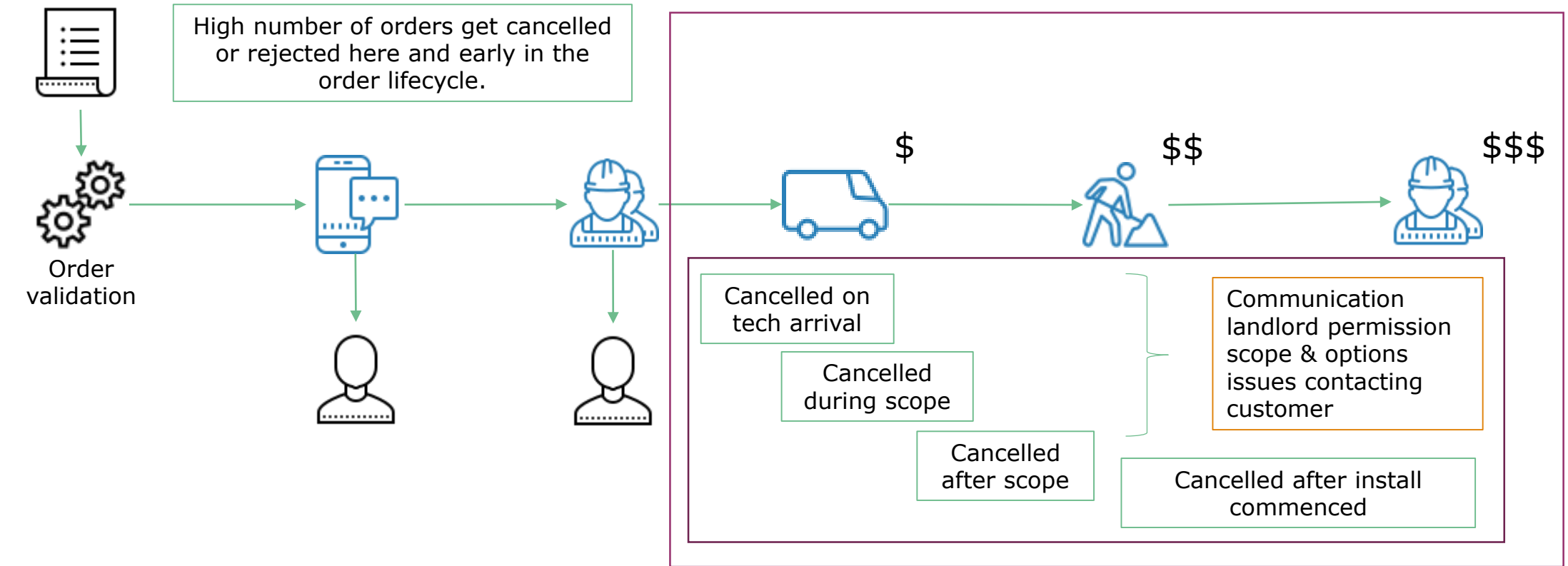
We have a number of initiatives underway to reduce the number of NGA Cancellations. These include:

- 1. Cancellation report** - your service delivery manager can provide a 6-month view of all your cancellations and reason codes (available on request)
- 2. PTA / ITC report** - this report provides a detailed view of your "provider to advise" (action required) orders, to prevent them turning into "Intent to cancels" due to non- action (available on request)
- 3. Machine learning** – we're developing a model that can predict cancellations and provide a scoring system allowing you to prioritise intervention. We are looking to work with you and test this in October/November
- 4. Active confirmation** (truck roll on confirmation) - where we seek active confirmation of appointments by consumers, with unacknowledged appointments being rescheduled in advance of the truck roll. We are in the process of testing an alternative approach and are seeking feedback on the impacts to your business
- 5. Appointments booked out of holding dates** – orders in held schedule or build are currently rebooked without confirming the appointment time with the end-customer
- 6. Contact number validation** – we're improving the validation steps when orders are created, increasing our ability to confirm appointments with end-customers
- 7. Housing New Zealand** – we're developing a streamlined process to source landlord approvals for Housing New Zealand tenants

Outcomes we want to achieve together

1. Work together to target and reduce all cancellations which are within our or your control
2. Reduce the overall level of cancellations and wasted acquisition cost for everyone
3. Introduce a cancellation policy at industry level to encourage a greater focus from all service providers on cancellation reduction
4. Discuss practical application of the cancellation policy and clarity on cancellations that could be chargeable

Where orders are cancelled



We'll categorise these as "non-chargeable" under our proposed cancellation policy

We'll categorise these as "potentially chargeable" under our proposed cancellation policy



Proposed cancellation policy

From 1 November, we will start charging you for cancelled UFB bitstream orders based on the following proposed policy.

We'll only charge for new connection, transfer or change orders which require a truck roll and meet the five criteria set out below:

1. The order has resulted in a service company billing Chorus (either wholly or partially) for installation work; and
2. The order was cancelled more than 2 days after either receipt of order by Chorus (or more than 2 days after Chorus has rescheduled the order); and
3. The order was cancelled by:
 1. the service provider or their end customer; or
 2. Chorus on behalf of the service provider after waiting the agreed time period for additional information or action from the service provider or their end customer; and
4. The order was cancelled after the scope visit; and
5. The order was cancelled for one of the following reasons:

- Access denied
- Excessive delay for RFS
- Fibre not requested
- Landlord declined permission
- Now moving address
- Competitive offer taken up by customer (same RSP)
- Primary fibre service already on site (an primary requested)

- Premise not ready for fibre installation
- Security alarm not compatible
- Unable to contact customer
- Incorrect details
- Submitted in Error
- Medical dependency issue e.g. customer hasn't checked with alarm company

Proposed cancellation policy

We won't charge in the following instances:

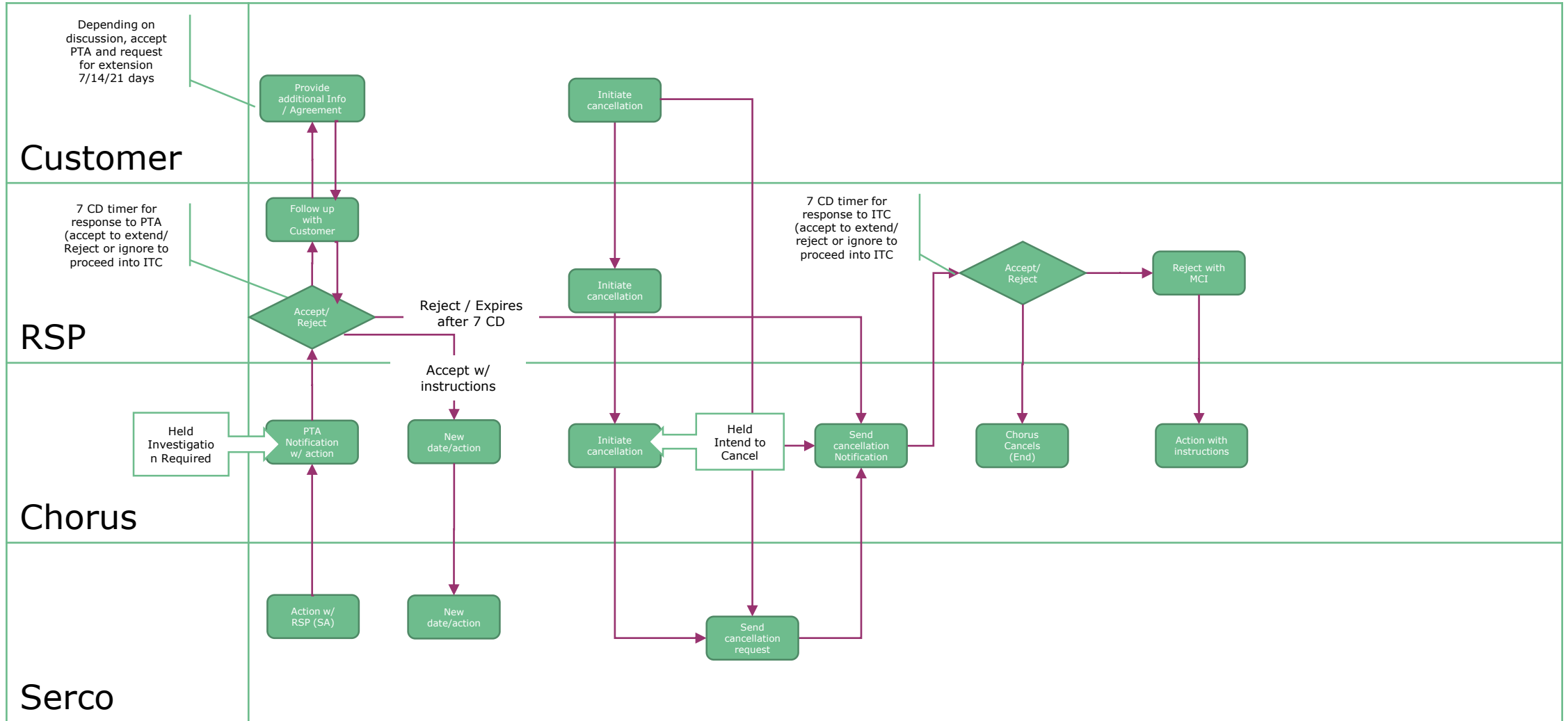
- Where the order was cancelled due to Chorus' failure to obtain consent in relation to right of ways or multi dwelling units
- The Customer did not accept payment of a contribution cost
 - The end-customer was unhappy with the external scoping options (installation)
 - The end-customer was unhappy with the internal scoping options (installation)
 - Chorus error
 - Incorrect prequalification - service not available
 - Health and Safety
 - Duplicate order removed
- Incorrect Address - new order submitted
- Incorrect Address - no new order submitted
- Incorrect pre-qual information
- Missing order information
- Intent to disconnect notification was rejected
- Feasibility/quote rejected by customer.

The appropriate level of charging will be determined based on feedback from this consultation, anticipated implementation costs and process accuracy.

At this stage, we expect the charge to be:

- Levied at one flat rate set up to \$170; and
- Billed by way of bulk charge on account (with supporting report).

Proposed cancellation process flow



What this means for you

From 1 November, the Fibre Cancellation Policy apply and we'll begin to charge for cancellations on the basis of that policy. We want to support your readiness activity for this change.

In assessing the impact of this change to your business, we'd like to understand how we could support:

- Improvements to your customer experience journey
- Changes to your cancellation processes
- System changes

How can we support you?

Appendix Historic Data

Total Cancellations 2019 to date (top 10 reasons)

Cancellation Reason	JAN-2019	FEB-2019	MAR-2019	APR-2019	MAY-2019	JUN-2019	JUL-2019	AUG-2019	Total
Intent to Disconnect notification was rejected	1,338	1,333	1,249	1,241	1,671	1,498	1,739	1,937	12,006
Unable to contact customer	782	732	1,355	1,300	960	913	929	902	7,873
Access Denied	543	932	1,106	944	949	665	669	696	6,504
Fibre not requested	628	1,162	1,206	865	532	456	522	459	5,830
Submitted in Error	575	537	616	539	580	573	655	666	4,741
Incorrect Details	359	382	441	435	581	503	621	534	3,856
Landlord declined permission	373	538	554	474	494	387	461	363	3,644
Premise not ready for fibre installation	263	343	333	290	362	283	293	488	2,655
Now moving address	262	342	313	248	276	206	274	234	2,155
Incorrect Address - No new order submitted	176	209	239	208	325	274	316	283	2,030
The rest	1,229	1,467	1,490	1,462	1,910	1,684	2,149	1,701	13,092
Total	6,528	7,977	8,902	8,006	8,640	7,442	8,628	8,263	64,386
Orders	30,046	29,664	30,292	34,165	35,200	32,203	38,411	35,026	265,007
% of cancelled orders	22%	27%	29%	23%	25%	23%	22%	24%	24%

Timeline and next steps

