**Auckland Council has undertaken an overall review of how its CCOs operate.**

The desired outcome is to ensure that its CCOs are focused on delivery and provide greater attribution to the council as the shareholder, policy maker and funder of their public facing services.

Watercare is outside scope of the structural elements of CCO reform but is expected to work with council constructively to implement the non-structural changes to improve oversight and accountability of CCOs.

A key expectation of Watercare is that it will comply with the interim economic regulation it is subject to and the develop particular plans it is required to for Crown Monitor review.  Under the preliminary arrangements act, Watercare is subject to interim economic regulation.  The Watercare Charter, effective from 1 April 12025, provides a financially sustainable model for Watercare, separate from Auckland Council.  It is administered by a Crown monitor and provides the path towards full economic regulation by the Commerce Commission in 2028.  Key benefits the Charter will deliver for Aucklanders include:

* saving Aucklanders approximately $899 million in water and wastewater charges over four years.
* setting minimum service quality standards to improve response times and reduce service interruptions.
* enabling record infrastructure investment averaging $1.3 billion annually from 2025 to 2028.

In May 2024, Aucklanders were looking at a proposed 25.8 per cent water rate hike.  By financially separating Watercare from Auckland Council, these rate hikes were significantly reduced as Watercare has been able to access financing independently of Council.  The Charter requires that Watercare maintain an investment grade credit rating and meet the annual maximum revenue cap set through the price path of 7.2 per cent increase in water and wastewater charges and a minimum 15.5 per cent increase in infrastructure growth charges in 2025/2026.

It also must meet minimum service quality standards for water and wastewater as follows.

**Water Supply**

* median response time for resolution at urgent water callouts is ≤ 5 hours
* median response time for resolution at non-urgent water callouts is ≤ 6 days
* unplanned water interruptions per 1,000 connections is ≤ 10
* leakage from the network, with a target based on total volume of water loss currently being developed by the Department of Internal Affairs.

**Wastewater**

* dry-weather sewerage overflows per 1,000 connections is ≤ 5
* median sewer overflow resolution time is ≤ 5 hours.