

April 15, 2026

To our Municipal Clients:

Re: Proposed amendments to the *Water and Wastewater Public Corporations Act, 2025* and the *Safe Drinking Water Act, 2002*

In our continued efforts to keep our clients up to date on legislative changes that may impact them, we are writing to inform you of proposed legislative changes to the *Water and Wastewater Public Corporations Act, 2025* (W.W.P.C.A.) and the *Safe Drinking Water Act, 2002* (S.D.W.A.), as presented in Schedules 8 and 9 of Bill 98: *Building Homes and Improving Transportation Infrastructure Act, 2026*.

Comments related to the proposed changes can be made through the Environmental Registry of Ontario at the following link: <https://ero.ontario.ca/notice/026-0301>. The deadline to submit comments is April 29, 2026.

This letter provides a summary of the proposed changes to the W.W.P.C.A. and the S.D.W.A.

1. Proposed Changes to the *Water and Wastewater Public Corporations Act, 2025*

The proposed changes to the W.W.P.C.A are presented in Schedule 9 of Bill 98. The amendments relate to ownership, the transfer of assets, rights, and obligations, employee continuity, and added Minister powers.

1.1 Public Ownership of Shares

Bill 98 provides for amendments to subsection 2 (2) of the W.W.P.C.A. to clarify that a corporation may only be designated as a water and wastewater public corporation (W.W.P.C.) if:

- It is incorporated under the *Business Corporation Act*; and
- The shares are owned exclusively by a municipality, the Province of Ontario, the Government of Canada, or an authorized agent of any of them.

In addition, section 9 has been amended to affirm that the issuance, sale, or transfer of shares must remain public and cannot be issued to private entities.

These revisions ensure that ownership of the water and wastewater infrastructure remains public as it transitions from a municipal-owned asset to a W.W.P.C.



1.2 Transfer of Assets, Rights, and Obligations

1.2.1 *Transfer of Assets*

A new subsection 9.1 has been provided that outlines the rules for the transfer and disposal of assets as follows:

9.1 A water and wastewater public corporation shall not transfer part or all of an asset used to provide water and sewage services unless the board of directors of the corporation has declared, by resolution, that the asset is no longer needed for the purposes of providing those services.

This subsection provides additional governance oversight to prevent assets used for the delivery of water and wastewater services from being transferred or sold off.

1.2.2 *Transfer By-laws*

Amendments to section 10 of the W.W.P.C.A. provide additional rules and items that a municipality can transfer to a corporation via a *transfer by-law*.

A new subsection 10 (1.1) prohibits the transfer of debentures, financial instruments, or agreements that have been entered into by the municipality for the purposes of long-term borrowing. The proposed amendment states:

(1.1) Despite subsection (1), a transfer by-law shall not transfer any liabilities, rights or obligations arising under a debenture issued or authorized to be issued by a municipality or under any other financial instruments or agreements issued or entered into by a municipality for the purpose of long-term borrowing.

This suggests that existing debt related to the water and wastewater system could remain the municipality's responsibility. If this is the case, municipalities may face issues regarding their annual repayment limits, debt capacity, and credit ratings. For example, if water and wastewater services are transferred from lower-tier municipalities to a W.W.P.C., this will effectively reduce overall municipal revenues, resulting in lower debt capacity and annual repayment limits. As well, if the existing water and wastewater debt is not transferred to a W.W.P.C., along with the associated revenues, and remains with the municipality, this may result in those municipalities exceeding the 25% annual repayment limit and could negatively impact their credit ratings.

Other amendments to the transfer by-laws include:

- Transfer by-laws must state the effective date of each transfer;
- Non-assignable contracts may be transferred even if the contract requires consent of the parties; and



- Ensuring that the transfers made under a transfer by-law do not cause any contract breaches, defaults, terminations, or licensing issues.

1.2.3 Continuity of Employment

A new subsection 10.1 provides details regarding employees who are transferred from a municipality to a W.W.P.C. via a transfer by-law, including the following:

- Employees transferred to a W.W.P.C. become employees of the corporation on the transfer date;
- The employment immediately before and after the transfer is treated as continuous and the employee is not considered terminated or constructively dismissed;
- Employment rights and obligations automatically continue with the corporation; and
- The transfer is deemed a sale of business under the *Labour Relations Act, 1995*, and the *Pay Equity Act*.

1.3 Expanded Ministerial Powers

The Province has identified additional powers for the Minister to make regulations under section 20 of the W.W.P.C.A. The proposed amendments would provide for the following powers:

- Define the legal effect of a transfer under a transfer by-law, which includes existing contracts, property rights, obligations, and employees.
- Create regulations that:
 - Require parties to enter into agreements and prescribe the content of those agreements; and
 - Require parties to modify, terminate, extend, or suspend agreements.

This legislative proposal empowers the Minister to require agreements or override existing agreements for specified parties and regulate the legal effect of transfer by-laws.

2. Proposed Changes to the *Safe Drinking Water Act, 2005*

The proposed changes to the S.D.W.A. are presented in Schedule 8 of Bill 98. The amendments focus on updating the definitions to include the W.W.P.C. under subsection 2 (1) and to update deemed consents under section 53.

With respect to deemed consents under section 53 of the S.W.D.A., any applications to maintain or operate a water or sewage public utility that is prescribed by the Province



shall be deemed to have obtained written consent by the municipality and will not have any conditions or financial assurances imposed upon it.

3. Concluding Remarks

The proposed updates to the W.W.P.C.A. address ownership and the transfer of assets, and add ministerial powers. The amendments to ownership and the requirement that shares be publicly owned seek to address previous concerns about privatization. At the same time, concerns regarding a municipality's debt capacity, annual repayment limit, and credit rating persist, including the inability to transfer existing long-term debt to the W.W.P.C. and the uncertainty surrounding the Minister's powers to regulate and override municipal policies.

With respect to the S.W.D.A., the revisions appear to focus on recognizing a W.W.P.C. as a water and sewer operator.

We will continue to monitor any changes and inform you of the potential impacts on municipalities.

Should you have any questions, please contact any of the undersigned or send an email to info@watsonecon.ca.

Yours very truly,

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