

Ontario's Water and Wastewater Public Corporation Framework: What Municipalities Need to Know Now

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A fundamental restructuring is underway in how Ontario delivers water and wastewater services, warranting close attention from municipalities and other stakeholders alike.

Through the *Water and Wastewater Public Corporations Act, 2025* (the “**WWPC Act**”), the Province has established a framework that moves water and wastewater services out of municipal departments and into arm's-length public corporations. While the model was initially designed around Peel Region, proposed legislative amendments and recent Ministry of Municipal Affairs and Housing (“**MMAH**”) calls for submissions highlight that broader application across the Province is both contemplated and actively being advanced, even as the WWPC Act itself has yet to come into force.^[1]

On April 15, 2026, the MMAH issued a call through the Environmental Registry of Ontario for municipalities to submit expressions of interest in adopting this model locally.^[2] This move is not only procedural. Rather, it signals a clear trajectory in provincial policy and presents a strategic opportunity for municipalities to influence how the framework is operationalized.

The WWPC Act Framework

The WWPC Act authorizes the Province, by regulation, to designate corporations incorporated under the *Business Corporations Act (Ontario)* to deliver water and wastewater services on behalf of prescribed lower-tier municipalities. Once a corporation is designated, the affected municipality must deliver services exclusively through that entity.

The concept will be familiar to those who have followed utility restructuring in other sectors, perhaps most notably the electricity sector: operations shift from a municipal department into a separate corporate body with its own board, financial structure, and long-term infrastructure mandate. The Province's stated objectives include more rigorous long-range planning, improved access to capital markets, and enhanced capacity to support housing growth and system resilience.

Many operational specifics such as governance structures, rate oversight mechanisms, financial rules, and transfer logistics remain subject to regulations that are still being developed.^[3]

What Bill 98 Clarifies

Recently proposed amendments introduced through Bill 98, *Building Homes and Improving Transportation Infrastructure Act, 2026* (“**Bill 98**”) resolve several early uncertainties and signal the Province's intent on key design questions.

Public ownership is entrenched. Designated corporations must be wholly publicly owned. Shares may only be held by municipalities or senior levels of government or any agent of them; private ownership is expressly prohibited.^[4] Core service assets cannot be

divested unless formally declared surplus to providing those services.^[5] Privatization, in short, is off the table.

Existing drinking water protections remain intact. Systems owned by a designated corporation are proposed to be treated as municipal drinking water systems under the *Safe Drinking Water Act, 2002*, preserving continuity in public health oversight, operator certification requirements, and financial assurance obligations.^[6]

Associated changes are also proposed through Bill 98 to the *Municipal Act, 2001* to clarify the role of non-municipal public utilities within the newly proposed WWPC framework. Whereas the *Municipal Act, 2001* would continue to restrict the construction, maintenance, or operation of a water or sewage public utility in any area of a municipality, without obtaining that municipality's consent, the proposed changes clarify both the process for obtaining that consent, and the municipalities that can grant the same.

The amendments introduce a structured consent framework that now requires a municipality receiving an application to review it, and then either (i) exercise discretion to grant consent on mutually agreed conditions and limits, or (ii) where regulations prescribing mandatory criteria or conditions are in force, grant consent provided the municipality is satisfied that the prescribed location-based, technical, financial assurance, and other regulatory requirements are met.^[7] No draft regulations have yet been released.

Furthermore, while municipal consent could previously only be obtained from municipalities where the municipality had jurisdiction to provide a public utility in the area (i.e. from upper-tier municipalities), the proposed changes provide that consent can be obtained from any municipality in which the water or sewage public utility is to be located.^[8] This seemingly continues the Province's trajectory of removing jurisdiction from regional municipalities through other legislative changes.

Under the *Safe Drinking Water Act, 2002*, where a non-municipal drinking water system is intended to serve a major residential development, municipal consent for the same is now deemed to have been obtained if a consent is obtained through the newly established process in the *Municipal Act, 2001*.

Transfers are designed to be seamless. Employees would transfer to the corporation on a legally continuous basis, with full successor-employer and labour protections preserved.^[9] Assets, contracts, approvals, and operational responsibilities would pass through mandatory transfer by-laws effective on a specified date.^[10] Notably, contracts may transfer even where they would otherwise be non-assignable without the consent of the parties.^[11]

One financially significant point warrants careful attention. Long-term municipal debt obligations shall not be transferred to the corporation.^[12] However, Bill 98 authorizes regulations that may require the corporation to make payments to the municipality in relation to debt incurred for transferred capital works.^[13] This creates a potential structural separation between control and debt ownership, with potential cost-sharing obligations that may demand sophisticated financial modelling and planning.

Why This Matters, Even If There Are No Plans to Restructure

For municipalities with no immediate plans to change how water and wastewater services are delivered, the temptation may be to wait and see. That may not be wise.

MMAH is now asking municipalities to describe their circumstances and appetite for implementing this model locally. MMAH is seeking input on:

- local fiscal pressures and infrastructure investment needs;
- growth-related servicing constraints;
- governance considerations and regional integration opportunities; and
- potential efficiencies and economies of scale.

This process signals clearly that the Province views water and wastewater infrastructure as a central lever for enabling housing growth. It raises the real possibility that public-corporation delivery models – potentially at a joint/regional scale – will be encouraged, prioritized, or in some contexts required; i.e. once designated “the municipalities shall provide water and sewage services **only** through that water and wastewater public corporation” (**emphasis added**).^[14]

Early engagement also creates opportunities. Participating now enables municipalities to explore joint or regional approaches, shape governance and service boundaries, and ensure future models are responsive to local realities. These discussions are most effective when undertaken collaboratively, before frameworks solidify and expectations are set.

Moving services into an arm’s-length corporation can bring genuine advantages: longer planning horizons, specialized governance, risk-sharing, and potential access to capital markets. But it also materially changes lines of accountability, reshapes rate-setting authority, and may demand significant transitional work across legal, financial, and operational dimensions.

How WeirFoulds Can Help

The WWPC Act model reflects a pivotal moment in Ontario’s approach to water and wastewater governance. With key regulatory details still being developed, municipalities that engage now can have real influence over how this framework takes shape.

WeirFoulds has deep experience advising municipalities on legislative compliance and the structure, oversight, and delivery of municipal services, including water and wastewater services. This includes the establishment of joint municipal services corporations, the design of their governance structures, financing arrangements, and ongoing operational frameworks. We understand both the legal architecture of these entities and the practical realities municipalities face in establishing them.

We would be pleased to help you assess the implications of this model for your community, assist with the preparation of a submission to MMAH, and work through the governance, financial, and operational questions that lie ahead.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

[1] The WWPC Act has yet to come into force and effect as of the date of this publication.

[2] See the ERO Proposal here at the following link: [Invitation to Municipalities to register potential interest in implementing a Water and Wastewater Public Corporation model](#). Submissions from interested parties are due on August 13, 2026.

[3] *Water and Wastewater Public Corporations Act, 2025* (“WWPC Act”), s. 20

[4] Proposed amendments to the WWPC Act, ss. 2(2), 9(2)–(3)

[5] Proposed amendments to the WWPC Act, s. 9.1

[6] Proposed amendments to the *Safe Drinking Water Act, 2002*, s. 2(1), para. (b.1)

[7] Proposed amendments to the *Municipal Act, 2001*, s. 93(2)

[\[8\]](#) Proposed amendments to the *Municipal Act, 2001*, s. 93(1)

[\[9\]](#) Proposed amendments to the WWPC Act, s. 10.1(1)–(7)

[\[10\]](#) Proposed amendments to the WWPC Act, s. 10(1), (5), (6)

[\[11\]](#) Proposed amendments to the WWPC Act, s. 10(2.1)

[\[12\]](#) Proposed amendments to the WWPC Act, s. 10(1.1)

[\[13\]](#) Proposed amendments to the WWPC Act, s. 20(2)(q)

[\[14\]](#) WWPC Act, s. 3

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