
REPORT TITLE: **Bill 98 “Building Homes and Improving Transportation Infrastructure Act, 2026”**

FROM: Patricia Caza, B.A., LL.B., Regional Solicitor and Commissioner of Legislative Services

RECOMMENDATION

That Peel Region’s letter for submission to ERO 026-0301 regarding the proposed water and wastewater system changes as set out in *Bill 98, Building Homes and Improving Transportation Infrastructure Act, 2026*, attached as Appendix I to the report of the Regional Solicitor and Commissioner of Legislative Services, listed on the April 23, 2026 Regional Council agenda titled “*Bill 98, “Building Homes and Improving Transportation Infrastructure Act, 2026”*”, be endorsed.

REPORT HIGHLIGHTS

- *Bill 98, Building Homes and Improving Transportation Infrastructure Act, 2026* is the Province’s latest housing and infrastructure bill intended to reduce barriers to homebuilding and accelerate infrastructure delivery.
- Introduced by the Minister of Municipal Affairs and Housing on March 30, 2026, Bill 98 is an omnibus bill with nine schedules, three of which impact the water and wastewater system in Peel Region and build upon the changes made by *Bill 60, Fighting Delays, Building Faster Act, 2025*.
- *Bill 98* provides further clarity to some essential components of the water and wastewater public utility model such as public sector ownership, employee protection, business continuity, and municipal debt retention. However, further detail through regulations is required in order to fully assess the implications related to the transfer of water and wastewater services in Peel Region.

DISCUSSION

1. Background

On March 30, 2026, the Minister of Municipal Affairs and Housing Robert Flack introduced *Bill 98, Building Homes and Improving Transportation Infrastructure Act, 2026* (“*Bill 98*”), aiming to provide additional regulatory changes to speed up construction of housing and transportation infrastructure within Ontario. While this omnibus bill, if enacted, would amend nine pieces of legislation, this report focuses on the three schedules in *Bill 98* that relate to the provision of water and wastewater services in Peel Region.

Comments on the proposed amendments to the *Water and Wastewater Public Corporations Act, 2025* and the *Safe Drinking Water Act, 2025* under *Bill 98* may be submitted through

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the Environmental Registry of Ontario (“ERO”) on or before April 29, 2026. A draft response is attached as Appendix I: ERO 026-0301 – Proposed Amendments to the *Water and Wastewater Public Corporations Act, 2025* and *Safe Drinking Water Act, 2002*.

2. General Overview of Proposed Changes to Water and Wastewater Public Utility Model

The water and wastewater public utility concept was introduced through *Bill 60, Fighting Delays, Building Faster Act, 2025* (“*Bill 60*”) in October of 2025. Receiving Royal Assent on November 27, 2025, water and sewage services traditionally delivered by municipalities will shift to a public utility model, starting in Peel Region, on a date prescribed by the Minister, or on January 1, 2029, if no date is prescribed before then. *Bill 60* amended the *Municipal Act, 2001* to transfer jurisdiction of water and wastewater services from Peel Region to the City of Brampton, Town of Caledon, and City of Mississauga, with the public water and wastewater utility delivering the service for the local municipalities.

Through *Bill 60*, the Province enacted the *Water and Wastewater Public Corporations Act, 2025*. The legislation provided little detail, deferring essential components of the public utility to be dealt with through Minister’s regulations at a later date. This generated uncertainty across the sector. The introduction of *Bill 98* addresses much of the uncertainty and provides insight into the provincial government’s intended path forward.

a) Schedule 6 – *Municipal Act, 2001*

Bill 98 amends section 93 of the *Municipal Act, 2001*, which speaks to consent requirements for non-municipal water or sewage public utility providers.

Bill 98 adds review and approval powers to municipalities for applications regarding construction, maintenance, and operation of a water or sewage public utility within their geographical boundary. Provisions include municipal review of minimum criteria for the system, municipal approval of the system, the ability to enter into and register agreements related to the protection of infrastructure, as well as regulatory powers for the Lieutenant Governor in Council (Provincial Cabinet).

The proposed language suggests that municipalities will still be consulted and involved in non-municipal water and wastewater planning processes with requirements being more prescriptive.

b) Schedule 8 – *Safe Drinking Water Act, 2002*

The proposed changes to the *Safe Drinking Water Act* within *Bill 98* aid in the transition to the new governance model for water and wastewater services. More specifically, the proposed changes in *Bill 98* broaden the definition of a municipal drinking water system to include a system owned by a water and wastewater public corporation (“WWPC”).

Under the *Safe Drinking Water Act*, if a municipal drinking water system is owned by a corporation, liability will reside with the duly appointed officers and directors of the corporation. However, if the municipal drinking water system remains within municipal ownership, responsibility and liability extends further to every person who oversees or exercises the decision-making authority over the system on behalf of the municipality.

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The changes proposed to the *Safe Drinking Water Act* by *Bill 98* allow a municipality to hold shares of a WWPC. If a municipality becomes a shareholder of a WWPC, it will have continued liability for the system after transfer.

Depending on the ultimate structure of a WWPC, there is risk surrounding municipal liability without corresponding transparency for any municipal shareholder. Shareholder status likely provides a municipality with the ability to gather information from the operators of a WWPC to make informed decisions. Further provisions related to information sharing between the WWPC operator and shareholders in the regulations would be beneficial to ensure the requisite level of transparency occurs, which could reduce the corresponding risk. Additionally, further information related to the intended shareholder composition of the WWPC, including the extent of and proportion of shares that may be owned by the local municipalities in Peel, is required.

Bill 98 amends the *Safe Drinking Water Act* by providing deemed consent for non-municipal public utilities who have applied and received consent to construct, maintain, and operate a water and sewage system under the new process in the *Municipal Act, 2001*. Entities would gain the benefit of deemed consent under the *Safe Drinking Water Act* so long as new consent process under Section 93(2) of the *Municipal Act, 2001* has been complied with and status has been approved. This proposed change likely intends to eliminate any potential for duplication of consent processes under the two Acts.

c) Schedule 9 – *Water and Wastewater Public Corporations Act, 2025*

Following the introduction of *Bill 60*, Peel Region among others submitted comments through the Province’s ERO process with recommendations on proposed changes to the legislation. The submissions resulted in critical changes which have been incorporated into *Bill 98* providing greater clarity, certainty, and protection during the transition period to the new governance model. The changes are summarized in four categories below:

i) Ownership of the Public Utility

As proposed, *Bill 98* prescribes the following requirements for an entity to be designated as a WWPC:

- i) The corporation must be incorporated under the *Business Corporations Act*, and
- ii) No shares of the corporation may be held by a person other than a municipality, the Province of Ontario, the Government of Canada, or an agent of any of them (“government entities”).

The second requirement has a major impact on shareholder composition as shareholders are limited to government entities within Canada. Furthermore, the proposed changes limit future sales or transfers of shares to other government entities. This change would codify the fundamental principle that a WWPC must remain under public sector ownership.

Bill 98 does not prescribe the share structure, nor does it prescribe the composition of the board of directors of the WWPC. Specifically, the percentage of shares that each of Mississauga, Brampton, and Caledon could expect, if any, should the WWPC be owned by one or more local municipalities, has not been prescribed. Further, municipal representation on the board of directors has not been addressed. These issues could be resolved through future Minister’s regulation.

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ii) Transfer Mechanism and Business Continuity

Bill 98 provides clarity around the mechanism related to the transfer of the service. Municipalities, as prescribed by future regulations, will issue transfer by-laws to affect the change in ownership and governance of the water and sewage system. *Bill 98* if passed, will enable municipalities to include language in the transfer by-laws to assign existing agreements to a WWPC even if an agreement does not permit assignment without consent. This supports business continuity, allowing the parties to transfer existing agreements without having to negotiate every contract. *Bill 98* also provides that if a transfer by-law of a municipality conflicts with provincial regulation, the provincial regulation will remain operative. Furthermore, *Bill 98* provides that water and wastewater assets cannot be sold unless the board of directors of the WWPC has declared, by resolution, that the asset is no longer needed for the purpose of providing those services.

It remains unclear if the transfer by-law(s) related to the transfer of water and wastewater services in Peel will be required from Peel Region, the local municipalities, or a combination of both. It is expected that this will be prescribed at a later date by regulation.

iii) Employees and Operations

Bill 98 proposes safeguards for current and former employees where *Bill 60* was previously silent. *Bill 98* provides for the continuous employment of employees transferred under a municipal transfer by-law to the WWPC. Typically, such a transfer of services would not automatically transfer employees to the new service provider, giving rise to potential severance issues. However, the proposed language is aimed at avoiding the issue of severed employment. If enacted, a transfer by-law could provide for the continued employment of Peel staff and related employment obligations by the WWPC.

The proposed language remains unclear about which employees will transfer to the WWPC under the transfer by-law. This could be addressed through regulation at a later date.

iv) Debt and Financing

Bill 98 will prohibit the transfer of debt from Peel Region to the WWPC. The Bill also establishes a new regulation-making authority to enable future regulations to address all matters related to municipal debt.

Under the current regime, Ontario municipalities may only issue debt in the form of debentures or long-term financial instruments for long-term borrowing for capital works. Peel Region issues debt (in the form of debentures) through capital markets to large institutional investors and through direct debenture issuance with entities such as Infrastructure Ontario, as an example. Investors/lenders are compensated with regular interest payments and principal repaid over time or at maturity. Under the *Municipal Act, 2001*, all municipal debt is considered general obligation and ranks equally, with the debt ultimately being backed by the municipality's tax base. The debt is held joint and severally by the regional entity and its lower tier municipalities.

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Bill 60 was silent on the treatment of municipal debt during the transfer of water and wastewater infrastructure to a WWPC, which raised concerns about unintended market consequences. *Bill 98* ensures that debentures or other instruments of long-term borrowing cannot be transferred, avoiding any unnecessary disruption to business in the interim period or long term negative impacts - thereby addressing the bond market concerns.

Bill 98 clarifies that Peel Region and its local municipalities will continue to hold the existing debt related to water and wastewater infrastructure jointly and severally. Until the transfer date, traditional borrowing mechanisms are expected to remain available barring additional change.

Along with retaining the debt, Peel Region will remain responsible to service the debt for the duration of the obligation. This gives rise to a secondary concern that the utility rate and revenue generating asset would be transferred, without compensation. Debt repayment obligations would shift to the tax base unless another solution is implemented.

This continued uncertainty will need to be addressed by future regulations. It is critical that Peel Region gain further clarification as to future transfer payments or reimbursements to quantify its exposure and risk.

CONCLUSION

This report identifies implications and risks for Regional Council’s consideration related to the additional provisions within *Bill 98* for the transfer of jurisdiction of water and wastewater services from Peel Region to the local municipalities, and the delivery of the service through a WWPC. Although *Bill 98* provides further clarity, it remains difficult to fully assess risk and implications due to lack of specificity on fundamental issues that are left to future regulations.

Staff will continue to monitor the progress of *Bill 98* as it moves through the legislative process as well as any regulations or other legislative amendments related to the transfer of water and wastewater services and will report back to Council as additional details become available.

APPENDICES

Appendix I: ERO 026-0301 – Proposed Amendments to the *Water and Wastewater Public Corporations Act, 2025* and *Safe Drinking Water Act, 2002*



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