

November 21, 2025

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Nando Iannicca
Regional Chair & CEO

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Re: Proposed amendments to the Municipal Act, 2001 to transfer jurisdiction over water and wastewater to the lower-tier municipalities in Peel Region and standalone statute to authorize the establishment of water and wastewater public corporations (ERO 025 – 1098)

Thank you for the opportunity to comment on the proposed Water and Wastewater Public Corporations Act, 2025. Please note that the comments addressed in this correspondence were endorsed by Peel Regional Council at its meeting of November 20, 2025.

Peel Region supports the Province's efforts to increase housing supply and improve affordability. Peel Region has demonstrated its commitment to these priorities through an ambitious capital plan and a series of Regional Council-backed incentives related to development charges.

Debt has historically been used to support the upfront cost of infrastructure, allowing the costs to be amortized over longer periods of time (e.g. 30 or 40 years in many cases). In the past, Ontario municipalities have been able to readily access the debt capital markets to finance capital works, including a large portion of water and wastewater infrastructure requirements. This access to debt capital markets has provided an efficient and very cost-effective means of financing. Of the debenture obligations outstanding, many of the debentures are long-term in nature, with amortization/repayment periods extending 30 to 40 years. Historically, this has provided municipalities with the framework to raise the necessary financing to support critical housing-enabling infrastructure.

Peel Region currently has approximately \$2.2 billion gross debentures outstanding that were issued in connection with the financing of water and wastewater growth capital infrastructure, \$1.8 billion of which was issued through the debt capital markets. The broader Canadian municipal debt market has grown to see annual issuance of greater than \$5 billion with over \$50 billion (~\$25 billion in Ontario) in capital markets debentures currently outstanding.

The proposed legislation creates uncertainty surrounding the treatment of the existing debt for Peel Region and its bondholders. This uncertainty could have a dampening effect on investor appetite for all municipal bonds in Ontario, including Peel Region. We understand that most details, including how the water and wastewater public corporations are to be constituted, their powers and responsibilities, and the nature of their shareholders (and the rights thereof), among other things, are all to be dealt with by regulations that have not yet been published. Clarity within the legislation will provide existing bondholders with the certainty they require.

Issues and Recommendations:

Bill 60 - Schedule 16: Transfer By-laws

Under this schedule, as proposed, the council of a municipality shall, by the date set out in the regulations, make by-laws transferring employees, assets, liabilities, rights and obligations of the municipality to a Water and Wastewater Public Corporation (WWPC). Importantly, the Bill allows for liabilities to be assigned/transferred without consent of any person, including holders of debentures.

This transfer concept is similar to The Electricity Act, 1998, where there is a provision that remains in effect today that provides that “a transfer by-law may not transfer any liabilities, rights or obligations arising under a debenture issued or authorized to be issued by a municipal corporation” (subsection 145(2) of the Electricity Act, 1998). At the time of the enactment of the Electricity Act, 1998, this provision was essential in maintaining investor confidence in the new electricity regime.

Without the above-referenced protection contained in the Electricity Act, 1998, there is a risk that investors may perceive greater risk and demand higher interest rates or avoid the market entirely, neither of which would be helpful to the expansion and maintenance of the province’s municipal water and sewage infrastructure.

Recommendation

Peel Region recommend the Province consider the following:

- With respect to transfer by-laws, add similar language to what was included in the Electricity Act, 1998, specifically that “a transfer by-law may not transfer any liabilities, rights, or obligations arising under a debenture issued or authorized to be issued by a municipal corporation.”
- That the regulations provide for a mechanism for the repayment of any outstanding debentures issued for water and wastewater that remain with the municipality.

Further to the comments raised above, please find attached letters from Peel Region’s debenture underwriting syndicate and WeirFoulds LLP, which contain their comments on the proposed changes.

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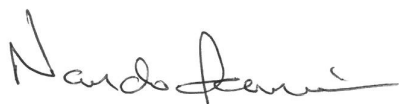
Conclusion

Certainty and continuity are key to investor confidence in the capital markets. We believe that it is imperative that outstanding debentures issued by regional municipalities for and on behalf of lower-tier municipalities that may be prescribed pursuant to the WWCP Act remain unaffected by the provisions regarding the assignment of the lower-tier municipalities' liabilities, rights and/or obligations.

Peel Region is committed to continuing to work with the Province, local municipal partners, and other stakeholders, to meet our shared objective of building more housing that is affordable to Peel residents.

If additional information or clarification is required, please do not hesitate to contact Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services.

Kindest personal regards,



Nando Iannicca
Regional Chair & Chief Executive Office
Region of Peel

Attached: Letter dated November 10, 2025 from Peel Region's debenture underwriting
syndicate
Letter dated November 20, 2025 from WeirFoulds LLP