

November 22, 2025

Ministry of Municipal Affairs and Housing  
Local Government Policy Branch  
777 Bay Street, 13th Floor  
Toronto, ON M7A 2J3  
*Submitted online*

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

Frontenac Municipal Services (FMS) appreciates the opportunity to comment on the proposed amendments to the Municipal Act, 2001, and the introduction of a new legislative framework for water and wastewater public corporations. FMS is Ontario's first municipal service corporation in Eastern Ontario, established specifically to manage, operate, and oversee communal water and wastewater systems on behalf of multiple municipalities.

Since its incorporation in 2023, FMS has been working collaboratively with its municipal shareholders, operators, as well as the Ministry of Municipal Affairs and Housing (MMAH) and the Ministry of the Environment, Conservation and Parks (MECP) to advance standardized approaches, improve risk management, and support housing and economic development in rural communities through safe, reliable, and modern servicing models.

**Support for the Proposed Legislative Direction**

FMS supports the government's proposed amendments to introduce a standalone statute enabling the establishment of water and wastewater public corporations.

These proposed changes align with several principles that FMS considers essential to the long-term sustainability of municipal water and wastewater systems:

- **Local Accountability and Ownership:** Transferring jurisdiction to a municipal service corporation ensures that decisions about servicing, investment, and long-term asset management are made closest to the communities they affect. This localized approach enhances transparency and accountability.
- **Enabling New Governance Models:** The authority to establish water and wastewater public corporations provides municipalities with a modern, flexible governance structure designed to strengthen financial discipline, streamline operations, and deliver services

more efficiently. This can also support long-term sustainability and responsiveness to local needs.

- **Encouraging Standardization and Consistency:** Public corporations offer opportunities for harmonized rate structures, shared expertise, and coordinated long-term capital planning—approaches that have been central to the development of FMS and our multi-municipal service delivery model. These consistent governance frameworks ensure that municipalities can work together more effectively to address common challenges.
- **Strengthening Capacity for Growth:** As Ontario seeks to accelerate housing delivery, consistent and predictable water and wastewater governance frameworks will better support infrastructure readiness, reduce delays, and address servicing constraints that can restrict housing supply, particularly in fast-growing or rural regions.

### **Relevance to Communal and Decentralized Systems**

While the current proposal focuses on Peel Region, the enabling of water and wastewater public corporations has broader implications for communities across Ontario. In many parts of the province—including rural Eastern Ontario—communal and decentralized systems are essential tools for facilitating growth in areas without access to full municipal servicing. A clear, modern legislative framework for public corporations can help strengthen provincial consistency in how these systems are owned, governed, and regulated.

FMS has observed firsthand that a municipal service corporation model can:

- Improve transparency in operations and asset management
- Enhance risk management and compliance
- Provide municipalities with a sustainable alternative to traditional servicing models
- Support housing development where large-scale infrastructure is not feasible

### **Acknowledging Challenges and Risks in Rural Areas**

While FMS is optimistic about the potential of water and wastewater public corporations, we recognize that rural and decentralized regions face unique challenges in implementing new governance models. These include issues such as lower population density, limited local capacity, and the high cost of infrastructure.

We encourage the Province to consider these challenges when developing guidelines and frameworks for public corporations. Specific attention should be given to rural municipalities where the scale of service delivery may be smaller and where maintaining service levels can be more resource intensive.

### **Support for Future Capacity Building**

To ensure the success of these new governance models, FMS encourages the Province to provide additional resources and support, particularly for municipalities with limited capacity to adopt new systems. This could include capacity-building programs, training for municipal staff, funding for early operations, and access to best practices in water and wastewater governance.

FMS stands ready to support these efforts by sharing our experience with multi-municipal service delivery, and we are committed to working with the Province to ensure the sustainable implementation of the new governance frameworks.

### **Strengthening Multi-Municipal Service Delivery Models**

FMS's experience with multi-municipal service delivery models demonstrates the benefits of collaboration in the management of water and wastewater systems. The proposed framework for public corporations could provide a flexible and scalable solution for municipalities to pool resources, coordinate capital planning, and achieve economies of scale that benefit multiple communities.

The ability to create and govern public corporations allows municipalities, particularly those in rural or less-resourced areas, to share the costs of infrastructure development and maintenance, and to develop more consistent service delivery standards.

### **Governance of Public Corporations**

FMS acknowledges the importance of provincial oversight and regulatory clarity in the creation and operation of water and wastewater public corporations. However, from a governance perspective, FMS believes that the following points should be considered to ensure that these corporations remain locally accountable, independent, and effective:

1. **Local Accountability and Autonomy:** While FMS supports the creation of water and wastewater public corporations, the authority to directly appoint or remove board members could impact local control and accountability. Municipalities, as shareholders in these corporations, should have a significant role in the nomination and appointment of board members. A more consultative approach, rather than a direct appointment process, would better align with the principles of local governance and accountability.
2. **Board Composition and Expertise:** The effective governance of water and wastewater public corporations requires a mix of local representation and technical expertise. FMS recommends that the process for board appointments be transparent and merit-based, ensuring that qualified individuals with expertise in water and wastewater management, finance, and environmental policy are represented. Without sufficient technical

knowledge on the board, the corporation may struggle to make informed decisions, especially when it comes to regulatory compliance, infrastructure investment, and operational efficiency. We recommend that the regulations clearly define the required expertise for board members, ensuring that a diverse skill set is represented.

3. **Oversight on Rate Setting:** Oversight over rate plans has the potential to impact the financial flexibility of the public corporation. While oversight is necessary to ensure compliance with provincial standards, the ability to set rates should remain primarily with the board of the public corporation, reflecting local circumstances and needs. This would allow municipalities to maintain some degree of autonomy in managing their water and wastewater systems.
4. **Transition and Support for Governance Structures:** The transition to a public corporation model should be well-supported to ensure that governance structures are properly established and functional. We recommend that the Province provide clear guidance and support during the transitional phase, ensuring that municipalities are meaningfully involved in the creation of governance frameworks and that adequate resources are made available to assist in the transition.

## Conclusion

FMS supports the direction of the proposed amendments and encourages the Province to continue exploring governance structures that can enhance municipal capacity, promote sustainable servicing, and enable both urban and rural communities to meet housing and economic development goals. We recognize that the implementation of these proposals will take time and may involve unforeseen challenges. However, FMS believes that the introduction of water and wastewater public corporations is an important step toward building a more sustainable, efficient, and equitable water governance system in Ontario.

We appreciate the Ministry's leadership in modernizing Ontario's water and wastewater governance framework, and we look forward to continued opportunities to provide input as these proposals evolve. FMS stands ready to collaborate with the Province, other municipalities, and stakeholders to shape the future of Ontario's water and wastewater systems.

As the implementation of these proposals moves forward, FMS looks forward to continued engagement with the Province and other stakeholders. We welcome the opportunity to share our expertise in multi-municipal water and wastewater management and contribute to shaping the future of Ontario's water governance framework.

Respectfully submitted,

**Frontenac Municipal Services**