

Successful Economic Zones

AMO'S SUBMISSION ON PROPOSED SPECIAL ECONOMIC ZONES CRITERIA

ERO 025-1077

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Executive Summary

The Association of Municipalities of Ontario (AMO) is pleased to comment on proposed criteria for special economic zones (SEZs). AMO commends the province for its strong, decisive leadership regarding the threat posed by tariffs and related measures, which could have devastating impacts on Ontario's economy, residents and communities.

Municipalities are committed to fostering economic opportunities and strengthening our economy amid changing global trade dynamics. If used responsibly and collaboratively, SEZs have the potential to drive growth more efficiently. To be successful, SEZs require strong provincial-municipal partnerships. AMO and its member municipalities are confident that Ontario's communities are resilient and innovative, standing ready to collaborate with the province to build shared social and economic prosperity.

We are also aware that other organizations including the Chiefs of Ontario and the Ontario Chamber of Commerce plan to share recommendations about the importance of community involvement with proposed SEZs, strong environmental protection, and clear, consistent, transparent criteria for SEZs to move forward. AMO supports these recommendations and encourages the province to give strong consideration to this feedback.

Proposed Project Criteria

AMO supports a requirement for eligible projects to have significant long-term economic benefits for Ontario, and host communities. Municipalities agree with the province that SEZs are a powerful tool that can unlock economic growth and are eager to ensure that local communities share in those benefits. When assessing potential project impacts, we recommend considering local benefits such as job creation, property tax assessment growth, and "spin-off" economic opportunities for local businesses or residents.

At the same time, while communities stand to benefit from new economic projects, there are also costs associated with supporting them. This could include delivering the infrastructure needed to bring economic projects online, to increased demand on housing and local services from workers relocating for new jobs. The use of SEZs creates a risk that projects may stall if local growth and infrastructure plans, or other resources are not available at the right time to support the proposed development. We

recommend that in addition to considering the potential benefits of an SEZ, the province also consider what costs, or additional pressures may be placed on local resources. This would help ensure any impacts would not undermine the local capacity to meet the community needs and deliver on other provincial or municipal priorities, such as housing growth.

Like Minister's Zoning Orders (MZOs) we advocate for SEZ powers to be used sparingly, and only in situations of extraordinary need or urgency where approvals cannot be otherwise expedited. This is critical to ensure the right resources are available to bring projects online and there is a high likelihood of project success. If projects are to be exempt from standard approvals, laws, regulations, by-laws, and local planning coordination, it is important that they are likely to succeed and deliver benefits to host communities. For this reason, we do not support the use of this tool to issue SEZs for "moon-shot" projects with a low likelihood of success.

There is a simple solution to seeing SEZs achieve their full potential while simultaneously mitigating any potential risks to local communities. Moreover, the province has already successfully deployed this solution in its approach to long-term electricity procurements in Ontario which requires pre-consultation and an expression of local support before a project moves forward. We propose that SEZs be used in collaboration with the host municipality. Depending on the municipal exemptions sought, we ask that some projects also get the formal support of the host municipality obtained through a collaborative review process. We detail the municipal exemptions that we recommend necessitate a formal municipal endorsement below. In cases where there is no host municipality (e.g. the SEZ is located on unincorporated land) support should be obtained from the nearest municipality which is likely to experience impacts such as increased pressure on housing supply and local services.

Proposed Proponent Criteria

AMO supports a requirement for proponents to have a good record of complying with legal requirements, and to have both a plan for, and track record of working with Indigenous communities. This will maximize the likelihood that in the absence of provincial or municipal requirements, proponents will voluntarily maintain high standards for health and safety, environmental protection, and financial compliance. AMO continues to support Ontario's Indigenous communities in calls to uphold their treaty

rights and maintain strong environmental protections across Ontario.

AMO commends the province for responding to calls to protect Indigenous rights and taking steps to ensure Indigenous communities are involved in decisions about SEZ projects. We are aware of Indigenous communities including the Chiefs of Ontario are calling for the proposed SEZ framework to more explicitly incorporate the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) provisions for free, prior and informed consent. Detailed provincial guidance is required to support a shared understanding of obligations and best practices to underpin strong relationships between Indigenous communities, municipalities, the province and SEZ project proponents. A collaborative process with all parties working together is the right approach to maximize the success of these projects while mitigating any associated risks. This type of collaboration can also help strengthen relationships between Indigenous communities, municipalities and the province as part of ongoing reconciliation efforts that will have benefits to other initiatives moving forward.

For Ontario to remain a competitive jurisdiction and navigate global economic change, we need development that grows the economy while upholding health, safety, environmental protection, community well-being, and Indigenous rights.

Proposed Zone Criteria

AMO supports proposed requirements for SEZs to be limited to a single area no larger than necessary to deliver economically significant, or strategically important projects. Because SEZs provide an extraordinary opportunity to bypass provincial laws or municipal by-laws, we recommend that the designated zone include at least one active, eligible project proposal being advanced by an eligible proponent. This will help ensure that the tool is only used to advance tangible initiatives that are likely to deliver economic or strategic benefits. Ensuring that SEZs are only designated where there is an active project also ensures that municipalities can review the needs of the project such as utility service or transportation requirements to ensure that municipal services needed for a project to be completed are planned for an in place on time. It also provides a chance for all parties to the project to collaborate so municipalities can provide advice about what other local project supports may be available such as economic development incentives, or pre-serviced lands that could shorten project timelines.

Further, we support the advocacy of Indigenous leaders raising concerns about designating SEZs in areas of cultural significance or which are subject to unresolved land claims places sacred sites, burial grounds, and traditional territories at risk. We call on the government to give strong consideration to the recommendations of Indigenous communities about the best way to preserve the important cultural heritage which, if lost because of rushed project approvals, cannot be replaced.

Other Criteria

In addition to the criteria being consulted on, we recommend that SEZs be monitored and revoked if proposed projects do not advance within a reasonable period of time. This would be consistent with the province's approach to MZOs and would reinforce that the use of SEZs is an extraordinary tool intended to expedite results. There should be a transparent intake process, submission expectations, and assessment criteria for SEZ applications that mirrors the existing MZO framework to ensure there is a clear, predictable process for all parties.

The exemption of certain laws, regulations and by-laws creates risk of harms to the health and safety, financial sustainability, environmental health, and economic viability of impacted communities. Because of this, we recommend a risk-based approach to exemptions as part of the local consultation process described earlier in this submission. When it is identified that any of the following high-risk exemptions may be granted within an SEZ, we recommend that a formal support resolution from the municipality first be obtained:

- Provincial or municipal source water protection, and clean drinking water requirements which if exempt could seriously harm health and safety.
- Municipal revenue collection tools (e.g. property taxes, development charges, user fees) which if exempted could undermine local ability to deliver services or infrastructure needed to support the success of priority projects.
- Agricultural land, woodlots, and environmentally significant areas which if exempt from land-use control could permanently reduce the availability of land for food production or irreversibly harm local ecosystems.

Conclusion

Municipalities understand the need to try different approaches to improving economic opportunities for communities across the province. We also appreciate the province's commitment to fulfilling its obligations to Indigenous communities and protecting our environment while making these changes. We continue to ask that the province commit to a collaborative process to determine how to best advance projects in a timely manner and identify whether any high-risk exemptions are present that are best used with a formal municipal support resolution. We look forward to working together on this, and other important work to advance Ontario's economic prosperity.