

Unleash our Economy by Protecting Communities

AMO'S SUBMISSION TO THE STANDING COMMITTEE ON THE INTERIOR ON
BILL 5, *PROTECT ONTARIO BY UNLEASHING OUR ECONOMY ACT, 2025*

May 26, 2025

Executive Summary

The Association of Municipalities of Ontario (AMO) is pleased to provide comments on Bill 5, *Protect Ontario by Unleashing our Economy Act*.

AMO and Ontario's municipalities commend the provincial government 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. As a sector that invests \$68 billion annually in Ontario, municipalities are critical economic partners. We have significant tools to contribute to the province's response to financial upheaval. Municipalities are committed to working with the province and business partners to foster economic opportunities and strengthen our economy in the face of evolving global trade dynamics. Our local economies, natural and human resources, and the businesses and industries situated in Ontario municipalities are the foundation of Ontario's economy and prosperity. Ontario's municipalities will always support and assist the province, especially in times of challenge and uncertainty. AMO and its members in every part of Ontario are confident that our communities and province are resilient, innovative and competitive, and ready to work together to continue to build our shared social and economic prosperity.

In this context, AMO understands the impetus behind Bill 5 and the need to try different approaches to supporting economic projects, provided that important objectives such as health, safety, environmental protection, community well-being and Indigenous rights and relationships are upheld.

Municipalities are committed to fostering economic opportunities and strengthening our economy amid global trade dynamics. If used responsibly and collaboratively, Special Economic Zones (SEZs) have the potential to drive growth more efficiently. SEZs will require strong municipal and local partnership to succeed. The use of SEZs to override local bylaws should only occur with host municipal support and in cases of extraordinary need. AMO calls for municipal inclusion in developing the SEZ regulatory framework.

We are encouraged by the province's commitment to robust environmental protections and fulfilling its Indigenous consultation obligations. This is a critical opportunity for Ontario to demonstrate its commitment to reconciliation and stronger relationships with Indigenous rights holders. We underscore that economic prosperity is tied to health,

safety, and environmental well-being. Therefore, we urge the province to ensure legislative changes are applied judiciously and ensure continued protection for the environment, including species-at-risk and natural habitats.

Protect Municipal Autonomy and Fiscal Sustainability

Municipalities are committed to fostering economic opportunities and support efforts to strengthen our economy in the face of evolving global trade dynamics. Municipalities are eager to ensure that host communities experience the benefits of this growth including job creation, assessment growth, and economic opportunities for local businesses.

However, the use of SEZs as described in Bill 5 would allow the province to unilaterally override municipal decision-making by exempting SEZs from municipal by-laws. Municipal by-laws cover a wide range of topics, from ensuring municipalities have funding to deliver growth-enabling infrastructure, to delivering emergency services, and executing local housing and economic development initiatives. Without limits on how SEZs are identified, and which by-laws would be exempt, municipalities are concerned that the use of SEZs to bypass local deliberation on proposed projects may not deliver on the promise of supporting economic growth. Instead, SEZs may hinder or prevent these projects from moving forward.

SEZs should not be used to exempt projects from by-laws that impact municipal revenue including development charge by-laws, property tax by-laws, or fees and charges by-laws. The revenue collected under these types of by-laws is essential to ensuring that municipalities can fund the essential infrastructure that economic projects need to thrive. Exemptions would – at best – result in municipal property taxpayers having to fund the cost of infrastructure needed to service new projects, or direct funding from other critical projects. At worst, exemptions could leave host municipalities unable to deliver growth-enabling infrastructure, hindering the ability of projects in SEZs to move forward.

Similarly, extreme caution should be used when considering exempting SEZ projects from by-laws that are intended to plan for or coordinate municipal growth. For example, using an SEZ to locate a project outside of planned growth areas may have similar

challenges for coordinating and delivering infrastructure. But even smaller matters controlled through municipal by-laws (such as those overseeing safe road access points) could have adverse effects on the safety of existing residents.

While municipalities are concerned about the potential unintended impacts of SEZs, we also recognize that if used constructively, SEZs can be an important tool to support economic growth. Municipalities are eager to ensure host communities experience the benefits of this growth such as job creation, assessment growth, and economic opportunities for local businesses and residents. But to successfully deliver economic benefits, it's vital that SEZs are developed in partnership with municipalities who are key partners in creating local economic opportunities and integrating SEZs into existing communities.

There is a simple solution to seeing SEZs achieve their full potential while simultaneously mitigating any potential risks to the community or the ability of a municipality to support a project. 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. Similarly, we propose that SEZs only be used to override local by-laws with a supportive resolution from the host municipality. Further, this power should be used sparingly, in situations of extraordinary need or urgency where approvals cannot be otherwise expedited. We recommend enshrining this provision in legislation.

To help achieve supportive resolutions, a collaborative approach would bring the province, project proponents, and host municipalities together as partners to negotiate approvals and supports. This would build a shared vision of how the project will integrate into the host community and what exemptions to provincial and local laws would help new economic opportunities to bear quickly. It would also unlock the opportunity to ensure municipalities can deliver resources to support the project such as those included in local economic development plans.

Protect Ontario's Environment and Indigenous Cultural Heritage

AMO understands that economic prosperity is tied to health, safety, and environmental prosperity. We believe that provincial officials understand this, too. Which is why we are

calling on the government to ensure that Bill 5, and any regulations that it would enable, are designed to be used in a balanced way that ensures the ongoing protection of species-at-risk, natural habitats, and environmental areas.

Equally critical is respecting Indigenous rights and cultural heritage. We recognize the concerns raised by Indigenous voices regarding the risks that changes to archaeological protections pose to cultural heritage. Ensuring a robust Duty to Consult process and ensuring archaeological processes protect Indigenous cultural heritage is critical. This presents a vital opportunity for Ontario to demonstrate its commitment to reconciliation and to fostering strong, respectful relationships with Indigenous rights holders.

We also urge the province to uphold its legal and moral Indigenous consultation obligations and to engage in good-faith dialogue as it implements new, innovative approaches to supporting our economy, including with SEZs and across various bills like Bill 5. Provincial failure to properly consult Indigenous communities on SEZs and other land development initiatives often strains Indigenous-municipal relationships. This happens because municipalities are frequently left to manage the fallout from provincial decisions that don't adequately consider Indigenous rights and perspectives. Such situations lead to misunderstandings, land use conflicts, and project delays, all of which deplete local resources and hinder growth. By ensuring meaningful Indigenous consultation and accommodation on legislation that determines municipal land use planning and development, municipalities can collaborate effectively with Indigenous communities to foster more sustainable and harmonious local planning and growth. This approach not only benefits Indigenous people but also strengthens the social and economic fabric of the entire province.

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 ask that the province similarly commit to respecting municipal autonomy by legislating that SEZs within municipal borders require a supportive resolution from the host municipality and a commitment to ongoing collaboration.

Recognizing that many of the proposed changes in Bill 5 will require the development of a regulatory framework before they can be implemented. AMO calls on the province to include municipalities in the development of the regulatory framework to implement SEZs. We look forward to working together on this, and other important work to advance Ontario's economic prosperity.