

# Draft Policy Intent for SEZ Criteria and Guiding Questions

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## Overview – *Special Economic Zones Act, 2025*

- Ontario’s *Special Economic Zones Act, 2025* provides the authority to designate Special Economic Zones that are of critical or strategic importance for Ontario’s economy and security. This new legislation will create a more coordinated pathway for provincially significant economic development projects.
- Specifically, the *Special Economic Zones Act, 2025* gives government the power to designate zones, projects, and proponents through regulation if certain criteria are met and then create exemptions or modifications to permits, approval or other requirements for designated projects and proponents in those designated zones.
- Under the Special Economic Zones Act, laws or rules can only be changed if they are specifically named in a regulation made under sections 5 or 6. **If they’re not named, they stay the same.**
- It is the intention that all three of these elements (zone, project, and proponent) should be in place in order to make regulatory modifications or exemptions – with those modification or exemptions then being specific to that zone, project and proponent.
- **Until exemption or modification regulations are made, all laws continue to apply.**

## Overview – Projects, Proponents and Zones

- A zone is a geographically bounded area of any size within the province where strategic economic activities are taking place or are being proposed to take place. It can be small or large.
- Economic activity in a zone typically takes the form of projects. A project is a tightly-scoped group of activities designed to accomplish a particular goal that is aligned with the policy intent and objective of the zone.
  - A zone can have one or multiple projects taking place.

- Not all projects taking place in a zone will receive designation.
- Once a zone is set up, designated projects and proponents who are designated as trusted proponents can access things like faster permitting; modifying or exempting some permits and approvals; and/or simplified requirements.
- If a proponent (i.e. a business entity leading one or more projects) meets high standards for operation, safety, and the environment, it can be designated as a trusted proponent and be granted exemption(s) and/or modification(s) to government acts, regulations, permits and/or approvals. Trusted proponents may be businesses (for-profit or not-for-profit), Indigenous businesses, municipalities, provincial ministries, or Crown Corporations.
  - A proponent cannot be designated as trusted without being connected to a designated project, and a project cannot be designated without being in a zone.
- It is the intention that all three of these elements (zone, project, and proponent) should be in place in order to make regulatory modifications or exemptions.
- **Until exemption or modification regulations are made, all laws continue to apply.**

## Proposed Project Criteria

- **Significant and Long-Term Economic Benefits for Ontario.** This could look like:
  - Strong positive impact on job creation, critical supply chains, economic resilience, provincial security, GDP, wages, taxes, workforce and skills development, technology and innovation, etc.
  - Using Ontario-made goods and services to provide broader economic benefit and create more jobs.
- **Strengthening local communities.** This could look like:
  - Leveraging the resources of local businesses.
  - Benefit to communities within the zone and in the broader area.
  - Specific benefits to Indigenous peoples and communities in Ontario.
  - A plan to engage and consult with public stakeholders and Indigenous communities.
- **High Likelihood of Success.** This could look like:
  - Positioned to move forward quickly once appropriate approvals have been secured and consultation completed, demonstrating a high likelihood of success in achieving the objectives listed above.
  - Plans that address strategy, finance and communications.
  - Analysis that identifies potential impact on the environment and risk mitigation.
- **Duty to Consult and, where Appropriate, Accommodate**
  - Designations will be made in a manner consistent with the recognition and affirmation of existing Aboriginal and treaty rights in section 35 of the *Constitution Act, 1982*, including the duty to consult and, where appropriate, accommodate.

## Proposed Proponent Criteria

- **Necessity**

- Proponent Necessary to Advance Project.
- **Team Composition**
  - Will demonstrate their team will include individuals with a history of working successfully with Indigenous communities on projects.
- **Reputable Compliance Record**
  - Health and Safety
  - Environmental
  - Financial
  - Employment
  - Regulatory
- **Duty to Consult and, where Appropriate, Accommodate**
  - Designations will be made in a manner consistent with the recognition and affirmation of existing Aboriginal and treaty rights in section 35 of the Constitution Act, 1982, including the duty to consult and, where appropriate, accommodate.
- **Engagement Plan**
  - Develop and implement an engagement plan for working with Indigenous communities.

## Proposed Zone Criteria

- **Geographic Boundaries**
  - A geographically bounded area within the province.
- **Contains strategic economic activities**
  - Has significant economic activities taking place (or planned to take place) that are of strategic benefit to Ontario.
- **Duty to Consult and, where Appropriate, Accommodate**
  - Designations will be made in a manner consistent with the recognition and affirmation of existing Aboriginal and treaty rights in section 35 of the Constitution Act, 1982, including the duty to consult and, where appropriate, accommodate.

## Discussion Questions – *Special Economic Zones Act, 2025*

- **Project Criteria**
  - Creating a new Special Economic Zone is meant to be used only for a narrow set of circumstances when it is of the utmost importance to Ontario's economy and/or security. What criteria could be considered to ensure designation is only used in the most appropriate cases?
  - The importance of a zone or project is not always measured only in size or dollar value. How else should the impact of a zone or project be considered?
  - Should potentially important 'moon-shot' projects be put forward if they could have enormous impact, even if they have a low likelihood of success?

- Which should be weighted more heavily when considering benefits – the benefit to the province as a whole or the benefit to local communities? Or should they be treated as equally important and essential?
- Designating a zone, project, and proponent requires specific new regulations. Furthermore, any regulatory modifications or exemptions that may be made for projects and proponents in a designated zone will also require a new regulation. Normal regulatory processes will be followed, including posting on the ERO and Regulatory Registry. What else could be considered to provide greater transparency?
- Are any criteria missing? Should any be added, removed or modified?
- **Proponent Criteria**
  - What should be used to determine whether compliance standards are met? Which compliance records from Ontario, Canada, or internationally should be provided as evidence? Over what time period? What other requirements should there be for proponents?
  - What, if any, special considerations should be given to whether companies from other jurisdictions can be designated as trusted?
  - Are any criteria missing? Should any be added, removed or modified?
- **Zone Criteria**
  - Are any criteria missing? Should any be added, removed or modified?