

Indigenous Communities Consultation Feedback

Introduction

On June 5, the *Protect Ontario by Unleashing our Economy Act, 2025* received Royal Assent. To respond to recent U.S. trade actions targeting Canada, the *Protect Ontario by Unleashing our Economy Act, 2025* enacted the *Special Economic Zones Act, 2025* (the “Act”) to support economic growth and development by building faster and more strategically to protect Ontario industries. By unlocking new opportunities for long-term investment, the province will drive economic growth, diversify trade, and strengthen supply chains in the short and long term. This is a critical time for Ontario that requires action to protect and defend workers and the economy.

The Act and the regulations made under it will allow for the advancement of critical, strategic and priority work while maintaining necessary safeguards and obligations, protecting Ontario’s industries, and mitigating the impact of trade disruptions. The Act and the regulations made under it will also help ensure the long-term prosperity, security, and competitiveness of the economy by creating new jobs, increasing efficiency, and incentivizing investment at a time of global economic instability.

By default, all laws apply in a special economic zone. Any modifications or exemptions to provincial laws within special economic zones will be made on a case-by-case basis through future regulations.

The Act is structured to include controls through regulation(s) that will ensure responsible decision-making in relation to decisions regarding social, environmental and safety standards. For example, designating a new zone under this Act, and prescribing criteria for zones, designated projects and trusted proponents would be done through a Lieutenant Governor in Council (LGIC) regulation.

Where it arises, Ontario is committed to fulfilling its duty to consult, and, where appropriate, accommodate in relation to any proposal to designate a special economic zone, trusted proponent, or designated project; or proposals to grant any modifications or exemptions to provincial laws with respect to projects or proponents in designated zones. The province may also seek further feedback, as applicable, through public consultation prior to the establishment of regulations.

Through ongoing consultation with Indigenous communities, the ministry has been receiving and considering thoughtful feedback on the draft policy intent for the proposed criteria to designate special economic zones, designated projects and trusted proponents under the *Special Economic Zone Act, 2025*. The draft proposed regulation shared represents a snapshot in time of the proposed regulations, and they may continue to evolve as consultation progresses.

MEDJCT carefully considered feedback from Indigenous communities provided during consultations to date. Below is an overview of the content of the proposed draft regulation, which identifies how feedback provided so far is reflected in the proposed draft regulation, where feedback may continue to be considered in the context of the final regulation, and where feedback is not reflected in the current draft of the proposed regulations.

Feedback Incorporated to Current Draft Proposed Criteria Regulation

The current draft proposed regulations reflect some of the feedback received. This includes, but is not limited to:

- Inclusion of analysis of potential environmental and health impacts and risk mitigation under project criteria.
- Inclusion of the proponent's contractors in the proponent criteria pertaining to good records of compliance.
- Proponent criteria that state there will be no change of control, without the consent of the Minister.
- Proponent criteria that require, where applicable, consideration of the proponent's engagement plans with Indigenous communities and the proponent's history of working successfully with Indigenous communities on projects in Canada.
- Language added that specifies that a trusted proponent must be linked to a proposed project.
- Language added that restricts the size of a zone to the size necessary to carry out the economic activities within it.

Feedback Still Under Consideration

We have also received additional feedback that is still being considered because of varied perspectives from Indigenous communities and a need for further analysis to ensure an approach that meets the policy intent of the *Special Economic Zones Act*.

This includes, but is not limited to:

- Indigenous led-proposals, including how an Indigenous-led business could be defined.
- Extent of Indigenous participation in a project.
- Creating oversight/advisory bodies.
- Assessing social and cultural impacts.
- Assessing cumulative impacts.
- Resource revenue sharing and/or community benefit agreements.
- How international companies are considered.
- Designating Indigenous governments as trusted proponents.

Feedback Not Reflected in the Current Draft Proposed Regulations

While the Ministry is continuing to gather feedback to further understand varying perspectives, some feedback is not reflected in the current draft proposed regulation and is unlikely to be included in further drafts of the regulation for the following reasons:

- 1) MEDJCT consultation discussions and feedback from Indigenous communities emphasized the importance of explicitly including references to Indigenous Peoples' rights, including Aboriginal and Treaty rights, as well as references to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and Free, Prior, and Informed Consent (FPIC) in the Regulations. While these references have not been included, the Ministry is committed to acting in a manner consistent with its obligations under section 35 of the *Constitution Act*.
- 2) Some feedback went beyond the scope of the policy intent and was noted being best addressed through other avenues (e.g. operational guidelines and/or future regulatory proposals to designate zones, projects and trusted proponents) and/or were already captured in the proposed criteria.

The table below summarizes this feedback, with supporting rationale:

Feedback	Rationale
Establishing a public registry of proposed and designated projects, proponents, and zones.	Ontario is considering other mechanisms to make this information available, and is committed to meeting the Duty to Consult.
Providing new financial and non-financial supports to encourage Indigenous business participation.	Other financial and non-financial business support programs that offer targeted support for Indigenous business exist across the Ontario Government.
Providing an appeal process related to the designation of zones, proponents and projects.	Any potential appeals process would be considered as part of subsequent work to operationalize Special Economic Zones and their processes.
Ensuring alignment between Provincial and Federal frameworks.	Alignment of federal and provincial frameworks, are best achieved outside of regulation.
Ensuring ongoing monitoring and evaluation.	Monitoring and evaluation are likely best addressed through operational procedures and regulations.

Feedback	Rationale
Incorporating regional characteristics in the proposed criteria.	The draft criteria are flexible allowing for regional characteristics to be considered.
Putting temporal limitations on the status of proponents as “trusted proponents”.	Temporal limits applicable to a proponent’s status as a trusted proponent would, if applicable, be more appropriately addressed through a regulation designating a trusted proponent.
Restrict zone designation in areas of environmental or cultural significance or subject to ongoing land claims.	<p>Proposed designations will undergo multi-layered review, which, where appropriate, will include consideration of potential impacts to areas of environmental or cultural significance and ongoing land claims.</p> <p>Part of Ontario's consultation processes will provide opportunities for Indigenous communities to identify impacts to Section 35 rights, including identifying areas of environmental or cultural significance that have the potential to be impacted by a designation.</p>

Next Steps

Ontario is committed to acting in a manner consistent with its obligations under section 35 of the *Constitution Act, 1982*. The draft regulation is being provided as part of an ongoing consultation process to assist Indigenous communities and the public and to understand and provide informed comments on the proposals as they exist to date.

The feedback received from consultation continue to be considered and MEDJCT will consider making further adjustments to the draft regulation based on feedback going forward.