



Friday, November 14, 2025

Submitted online and via email to SpecialEconomicZones@ontario.ca

Ministry of Economic Development, Job Creation and Trade
777 Bay St., 18th Floor
Toronto, ON, M5G 2N4

RE: Proposed Criteria for Designating Special Economic Zones.

The City of Guelph (the “City” or “Guelph”) appreciates the opportunity to provide feedback on the proposed regulation outlining criteria for designating zones, proponents, and projects under the *Special Economic Zones Act, 2025* (the “Act”). This submission contains the general comments, concerns, and recommendations from the City regarding this proposed regulation.

Proposal Summary:

On June 5, 2025, the *Special Economic Zones Act, 2025* was enacted, with the goal of streamlining the delivery of projects in specified areas. This legislation authorizes the Minister of Economic Development, Job Creation and Trade (the Minister) to:

- issue regulations designating Special Economic Zones (SEZ),
- designate vetted projects or project classes,
- designate trusted proponents or proponent classes, and
- exempt designated projects and proponents within Special Economic Zones from provincial legislation, regulations, and other processes, as well as from municipal by-laws or instruments of a municipality or local board.

Currently, the Ministry is consulting on a regulatory framework which would set out the criteria for designating SEZs, trusted proponents, and designated projects. Previously, the Ministry has consulted with Indigenous communities, and incorporated some feedback received as part of these consultations into the current proposed regulation.

General Comments:

We recognize the efforts of the Federal and Provincial governments to make bold changes that support the resiliency of Canada’s and Ontario’s economy, particularly in the face of severe and lasting trade impacts. We believe that Special Economic Zones (SEZs) could be a powerful tool to provide flexibility and move major community-growing investments forward. As a community with a high-performing manufacturing base, Guelph is ready to do its part to support a stronger province and nation and to attract investment into our community.

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Overall, we believe that there are opportunities to implement more focused criteria which would ensure that the SEZ designation is applied in a consistent, transparent, and widely beneficial manner. The current language of the regulation is highly flexible, and while it requires the Minister to consider some areas of concern when issuing SEZ designations, the designation criteria remain subjective. We believe that setting out more objective criteria from the beginning will help reduce uncertainty for proponents, and will help ensure that the needs of local communities are considered at an early stage in the SEZ designation process, avoiding later complications.

Additionally, we want to note the importance of ensuring adequate municipal servicing to SEZ sites within municipalities, and alignment of SEZ designations with local growth plans. The availability of municipal servicing capacity is often a limiting factor for the viability of new developments, especially in groundwater-dependent communities such as Guelph. It is important to ensure that SEZ-designated projects do not inadvertently divert land or servicing capacity from planned residential and commercial growth, and do not put an additional fiscal burden on municipalities to provide municipal servicing.

Recommendations:

With these notes in mind, we would like to put forward several recommendations on how the Ministry can strengthen the designation criteria and make SEZs a powerful tool that advances the interests of both the province and local communities:

1. Establishing Robust Cost/Benefit Evaluation Criteria:

A transparent project evaluation framework is essential to build trust in the SEZ designation, and to ensure consistent application of this designation across the province. The City recommends that SEZ designations be based on an economic impact study conducted by the province (rather than third-party modeling submitted by the proponent), which considers at least some of the following factors:

- Number of additional jobs created. This could include setting out mandatory thresholds (ex. minimum new jobs per hectare) which are flexible, yet ambitious to encourage truly transformational projects.
- Impact to regional GDP.
- Impact on new trade opportunities,
- Access to new raw materials used in local production,
- Impacts on local and provincial tax revenues,
- Impact on new capacity for economic development – such as research capabilities, energy efficiency improvements like district energy, etc, and
- Alignment with municipal and economic development goals. Municipalities can be important partners in this evaluation process by providing insights on unique local economic impacts, including gaps in current economic cluster development opportunities.

It is important that this evaluation framework consider both the costs and benefits of projects. We recognize that the most impactful projects will have regional benefits extending well beyond the community in which they are located, however, the fiscal, social and environmental costs are likely to be more concentrated, including the costs of building new municipal servicing infrastructure. The project evaluation process should consider these costs, and require the proponent to demonstrate the mitigation and compensation measures that will be put in place to reduce impacts on communities. If SEZ designation is used to exempt a proponent from development charges, the province and the proponent should be required to develop an alternative cost-recovery model to ensure that municipalities do not bear the majority of the costs for new development.

Finally, this evaluation framework should ensure that SEZ designation is restricted to projects that can demonstrate a clear pathway to success. 'Moon-shot' projects may leave the Province, the municipality, and other stakeholders in a state of limbo if the project does not proceed, especially if resources have already been dedicated to an SEZ project. In addition to a transparent vetting process, the Province should consider mandating contingencies for SEZ projects and 'front-loading' responsibilities on tasks for these projects on the proponent, with the Province and/or municipality then sharing more responsibility and resources as these projects progress to avoid leaving municipalities with stranded costs and assets.

2. Mandating timelines for project completion and other accountability measures:

In order for projects to move efficiently following a SEZ designation, the City of Guelph would recommend that a timeline for project completion be included in the designation criteria. For example, under the *One Canadian Economy Act, 2025*, authorizations for "nation-building projects" expire after 5 years. A similar expiration date should be explored for an SEZ designation.

Furthermore, the Province could look to modify this approach by establishing milestones for SEZ projects to achieve, in consultation with the SEZ proponent and the municipality, where appropriate. This could include mandatory reporting requirements and deadlines to get back into compliance, to build trust and ensure accountability from the proponent.

3. Requiring alignment with municipal plans and servicing capacity:

The City of Guelph relies solely on groundwater for its water supply, and as such, we are acutely aware of the servicing capacity challenges that come with unplanned expansions and growth. We have managed our drinking water resources through careful growth planning and conditional allocations, and continue to explore tools, such as capacity checks for new investment proposals, that permit growth and investment while protecting water for current and future residents.

Recognizing that SEZ projects may have significant servicing demands, the City would recommend that the Province require a similar tools to ensure that communities have sufficient servicing capacity to accommodate SEZ projects without risking impacts to existing residents. Where capacity is a challenge, we ask that the Province work with the proponent and municipalities to develop infrastructure needed to ensure the project's success.

Beyond capacity, the City would like the SEZ designation criteria to look at alignment with Official Plans and other local growth strategies. Municipalities across Ontario have done significant work over the past few years to align planning documents with anticipated growth forecasts. This includes ensuring enough land in a municipality is available and is appropriately designated to build complete communities, including opportunities for economic development. Municipalities have also used these population growth forecasts to plan for infrastructure growth including roads, water, wastewater, and stormwater. Alignment with Official Plans and other local growth strategies would allow this planning work to still be relevant throughout the course of the planning horizon.

Furthermore, where feasible and appropriate, the City of Guelph recommends that the Province consider and evaluate potential SEZ designations against municipal employment growth targets to align with planned growth.

4. *Additional public notice and consultation requirements:*

The City recognizes that the Ministry intends to follow normal regulatory processes when issuing SEZ designations, including posting on the ERO and Regulatory Registry. However, given the land-use implications of SEZ designations, the City of Guelph would recommend that the Province follow a public notice requirement, similar to the Planning Act requirements for an Official Plan Amendment and/or Zoning By-law Amendment. This should include at a minimum:

- Posting of signage at the approximate location of an SEZ project,
- Advertising that an SEZ proposal has been submitted in a municipality in the local paper of record and on the municipality's website, and
- Requiring a public meeting, at a venue in the municipality, prior to an SEZ designation where delegations can be heard and written correspondence submitted.

These measures would ensure opportunities for incorporating public feedback, promote transparency, and help build trust and goodwill with local communities, helping avoid complications in the designation process.

We would also like to see that early and meaningful engagement with local communities is clearly enshrined in this regulation. Requiring consultations with local governments to determine alignment with designation criteria is a viable solution, which would retain the flexibility of the currently proposed

regulation, while affirming the role of communities in providing their perspectives to inform the Minister's opinion. Consistent early engagement would also help avoid complications further along in the designation process, and would support the intent of the Act to streamline approvals and accelerate important projects.

5. Establishing "off-limits" exemptions:

In its current form, the *Special Economic Zones Act* and draft regulations permit the exemption of proponents from any provincial or local statute or regulation. While we recognize the need for flexibility, we encourage the Province to identify a list of provincial Acts and Regulations for which the *Special Economic Zones Act* is not able to provide exemptions. There are many pieces of legislation that are not related to economic activity and should not be eligible for exemption, such as the Residential Tenancies Act, Child Youth and Family Services Act, etc., and clearly setting out this legislation as "off-limits" would promote trust in SEZs as a tool purely for economic growth and avoid future misuse of SEZ designations.

6. Providing sample projects:

Finally, the City would like to request that the Province provide some examples of projects that are considered "economically significant" and would be considered for SEZ designation. Currently, it is challenging to fully understand the impacts of future designations without a sense of the scope and nature of projects that may be considered. Providing project examples, coupled with more specific evaluation criteria, would help clarify the process for proponents, and would help municipalities identify opportunities for SEZs in their communities that could support local economic resilience and growth.

Closure:

We appreciate the opportunity to provide input on this proposal. We believe that coupled with clear criteria and fulsome collaboration with local communities, SEZ designation could be a useful tool to deliver economic benefit and support economic resilience.

Should you have any questions about the feedback provided, or require additional details please do not hesitate to contact the City at intergovernmental.relations@guelph.ca.

Sincerely,

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