

**Council Meeting
November 3, 2025**

Report #PD-2025-27

ERO Posting #025-1077 Proposed Special Economic Zone Criteria

Recommendation

Be It Resolved That Report #PD-2025-27 be received;

And Further That Report #PD-2025-27 together with Attachment No. 1 be forwarded to the Provincial Government for the purposes of consultation on ERO Posting #025-1077.

Executive Summary

Purpose of Report

The purpose of this report is to inform Council of the Province of Ontario's proposed regulatory framework for designating Special Economic Zones (SEZs), projects, and proponents under the Special Economic Zones Act, 2025. It also outlines the implications and strategic considerations for the Town as well as comments and considerations the Town of New Tecumseth will submit to the province.

Key Findings

- The Town of New Tecumseth is well-positioned to support Ontario's electric vehicle (EV) supply chain, particularly in light of Honda's investment in Alliston, and could benefit from SEZ designation to accelerate infrastructure and development.
- Planning staff will continue to advocate for the Town's interests and monitor the provincial consultation process on SEZ criteria.

Background

The *Protect Ontario by Unleashing our Economy Act, 2025* received Royal Assent on June 5, 2025, enacting the *Special Economic Zones Act, 2025*. This legislation is a strategic response to recent U.S. trade actions and is designed to stimulate economic growth, diversify trade, and strengthen supply chains.

The Ministry of Economic Development, Job Creation and Trade (MEDJCT) is currently consulting on the criteria for designating SEZs, which will be formalized through a Lieutenant Governor in Council (LGIC) regulation. The public comment period is open from October 2 to November 16, 2025.

Comments and Considerations

The Framework

The proposed Special Economic Zones (SEZ) under the *Special Economic Zones Act, 2025* establishes a regulatory framework to accelerate strategic economic development in Ontario. The framework enables the designation of Zones, Projects, and Proponents, each subject to specific criteria and regulatory considerations. The SEZ framework is designed for a targeted use in cases where economic or security interests are paramount. It supports “moon-shot” projects with transformative potential.

Potential Impacts

The Town of New Tecumseth is strategically positioned to support Ontario’s emerging electric vehicle (EV) supply chain, particularly with Honda’s transformative investment in Alliston. While currently paused, this initiative is expected to catalyze regional growth through the development of EV assembly and battery manufacturing facilities, attracting suppliers, logistics operations, and advanced manufacturing. SEZ designation through a Project, Zone or Proponent could help accelerate strategic infrastructure and development projects aligned with this growth but must be carefully evaluated to ensure consistency with the Town’s growth management study, land use planning framework, and community priorities. To effectively support accelerated development, a SEZ designation must include commitments for infrastructure funding and coordinated servicing. Additionally, the Town is committed to meaningful engagement with Indigenous rights holders, as outlined in its Indigenous Engagement Policy, and recognizes that enhanced consultation may be necessary to address potential regulatory exemptions and safeguard long-term environmental sustainability.

To summarize, the Town’s strategic considerations should include:

- Requiring Infrastructure Funding Commitments
- Alignment with the Town’s Growth Management Strategy/Framework
- Potential enhancement to the Town’s Indigenous Engagement Policy

Comments:

- The Province should clarify how municipalities can apply or express interest in a Project or how to become a trusted proponent.
- A SEZ designation should consider local municipal planning authority documentation such as growth management studies or official plan designations to ensure future SEZ aligns with the intended and long-term use and servicing of the land.
- Infrastructure funding commitments must accompany an SEZ designation to support accelerated development.
- The Province should require transparent engagement with Indigenous communities and municipalities prior to a SEZ designation.

- New Tecumseth requests that the Province considers the Town's strategic position within the EV supply chain and its readiness to support transformative economic development.

Conclusion

Planning staff will continue to advocate for the Town and work with MEDJT and monitor the SEZ consultation process.

Alternative Options

n/a

Financial Considerations

n/a

Communication Plan

n/a

Strategic Plan

[Click here for strategic plan](#)

Complete Community

Relevant Information

[ERO Posting #25-1077](#)

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Attachments:

□ [Attachment No. 1 New Tecumseth ERO Responses](#)

Approved By:

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Department:

Planning
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Status:

Approved - 23 Oct 2025
Approved - 23 Oct 2025

General Manager, Strategic
Services
Neil Garbe, CAO

Division
CAO

Approved - 24 Oct 2025

ERO Posting #025-1077 Discussion Responses – Town of New Tecumseth

New Tecumseth requests that the province considers the Town’s strategic position within the EV supply chain and its readiness to support transformative economic development.

Project Criteria

<p><i>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?</i></p>	<p>Projects should align with provincial priorities (supply chain resilience, advanced manufacturing, clean technology, etc.). They must demonstrate readiness through land use compatibility, conformity with the local official plans, demonstrate servicing capacity, and receive municipal endorsement.</p>
<p><i>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?</i></p>	<p>Impact should be evaluated based on long-term local/regional benefits including:</p> <ul style="list-style-type: none"> • Job creation/Workforce development • Strategic alignment with the Provincial Planning Statement • Demonstrate positive community impact through housing, transportation, and social infrastructure • Potential to attract complementary industries/enhance competitiveness
<p><i>Should potentially important ‘moon-shot’ projects be put forward if they could have enormous impact, even if they have a low likelihood of success?</i></p>	<p>Yes, such projects could be considered if the application includes a clear risk assessment, and development phasing plans. The province should also implement accountability measures. Innovation should be balanced with the need to safeguard public resources while also maintaining consistency with the fundamental land-use planning framework of the province and local context.</p>
<p><i>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?</i></p>	<p>Both provincial and local benefits should be treated as equally important and essential. Provincial priorities depend on the local context for implementation.</p>

<p><i>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?</i></p>	<p>Early and ongoing engagement with local municipalities and Indigenous communities. Outline clear criteria, established timelines, and public reporting on Special Economic Zone (SEZ) applications. All documentation should be easily and publicly accessible in multiple formats.</p>
<p><i>Are any criteria missing? Should any be added, removed or modified?</i></p>	<p>Criteria could include infrastructure funding commitments from a proponent or provincial government and alignment with municipal plans.</p>

Proponent Criteria

<p><i>What, if any, special considerations should be given to whether companies from other jurisdictions can be designated as trusted?</i></p>	<p>Companies from other jurisdictions should undergo enhanced screening, including evaluation against Canadian standards/policies/codes, as well as public-perception risks and governance practices. They should be required to establish local partnerships, commit to long-term investment, and engage with municipalities throughout development.</p>
<p><i>Are any criteria missing? Should any be added, removed or modified?</i></p>	<p>Yes, funding opportunities for servicing and infrastructure support at the local level</p>

Zone Criteria

<p><i>Are any criteria missing? Should any be added, removed or modified?</i></p>	<p>Criteria could include infrastructure readiness and funding commitments. Zones must align with municipal land-use planning frameworks. Community impact assessments and Indigenous engagement could be required. Strategic sector fit, such as electric vehicle manufacturing/clean technology/etc. should be considered.</p>
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