



Report to: Development Services Committee

Meeting Date: December 9, 2025

SUBJECT: Proposed Regulations to Enable the Special Economic Zones Act, 2025 and Species Conservation Act, 2025

PREPARED BY: Mark Head, Manager, Natural Heritage, Ext. 2005

REVIEWED BY: John Yeh, Senior Manager, Policy and Research, Ext. 7922

RECOMMENDATION:

- 1) That the report dated December 9, 2025, entitled “Proposed Regulations to Enable the *Special Economic Zones Act, 2025* and *Species Conservation Act, 2025*”, be received; and
- 2) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide an overview of the Province’s consultation on proposed regulations and guidance to enable implementation of the *Special Economic Zones Act, 2025* and *Species Conservation Act, 2025* including staff comments submitted through the Environmental Registry of Ontario in response to the consultation (ERO 025-1077, 025-0908 and 025-0909).

BACKGROUND:

On April 17, 2025, the Province introduced the [Protect Ontario by Unleashing Our Economy Act, 2025](#) (Bill 5) as a next step in the government’s plan to protect Ontario in response to economic and trade uncertainties. According to the Province, the legislative changes made through Bill 5 are intended to support the Province’s plan to protect and improve the competitiveness of Ontario’s economy. When fully enacted, the changes will streamline permitting and approval processes for major infrastructure, mining and development projects, including in the Ring of Fire in northern Ontario.

[Comments on Bill 5](#) were endorsed by Council on May 27, 2025 and submitted to the Province in response to the Province’s consultation on the Bill.

The Ministries of Economic Development, Job Creation and Trade and Environment, Conservation and Parks are now consulting on proposed regulations and guidelines required to implement the [Special Economic Zones Act, 2025](#) (SEZA) and [Species Conservation Act, 2025](#) (SCA) components of Bill 5. The SEZA and SCA were two of the legislative proposals included in Bill 5, which received Royal Assent on June 5, 2025. Details regarding the implementation of the SEZA and SCA were not available at the time the proposed legislation was introduced with Bill 5.

Brief descriptions of the current regulatory proposals with links to the ERO postings are provided in Attachment A. Attachments B and C include staff comments that were submitted to the Province to meet commenting deadlines of November 10, 2025 for consultation on proposed SEZA regulations and November 16, 2025 on proposed SCA regulations.

Staff comments are consistent with the previously endorsed comments of Council provided in May 2025 that the Province undertake further consultation with municipalities to ensure that implementing criteria for designating zones and projects do not override municipal authority and that regulations ensure appropriate safeguards are provided to address potential impacts to communities, the environment and species at risk.

Highlights of the regulatory proposals and a summary of the comments provided to the Province are provided below.

DISCUSSION:

1. Proposed Regulations Required to Implement the Special Economic Zones Act

The SEZA gives the Ontario government and Minister broad authority to designate special economic zones, projects, and proponents through regulation if certain criteria are met and then grant exemptions for designated projects and proponents from permits, approvals or other requirements under any Act, including by-laws of a municipality.

The enabling provisions in the Act require regulations to establish the criteria that must be met to:

- designate an area as a special economic zone;
- designate a person or entity as a trusted proponent; and
- designate a project as a designated project.

A summary of the proposed criteria to be included in the Province's "Criteria for Designations" regulation is attached as Attachment D.

Summary of Comments Submitted to the Province

Previous comments to the Province indicated the City's tentative support in principle of the concept of special economic zones for critical mineral projects and major infrastructure of provincial significance. City of Markham comments recommended that broader application of the concept to facilitate the general approval of development applications where the Province already has significant tools available to facilitate development not be supported. It was recommended that the Province consult with municipalities when developing criteria for designating zones and projects to ensure implementation of the Act does not conflict with municipal authority and decision making.

The Criteria for Designations Regulation as currently drafted retains the broad authority of the Province to designate zones, projects and proponents and provides no information on the process the Province will undertake to consult municipalities when designating zones and projects or granting exemptions to projects from legislative requirements or by-laws.

For example, the Regulation for designating zones, while stating it must be in the opinion of the Provincial Government that the area contains activities that are or will be economically significant or strategically important to the Ontario economy, there is no criteria to limit the potential designation of zones geographically, in size, and relation and proximity to other potential zones within the Province. A zone can be designated in any area of the province.

Similarly, while the Regulation for designating projects provides additional detail and clarity with respect to the matters the Minister will consider, nearly any project could meet the threshold for an economic benefit or community benefit if it is in the opinion of the Minister these criteria are satisfied.

Implementing regulations should ensure that a transparent process is provided with requirements to consult with municipalities and ensure decisions and standards will be applied to address potential impacts to communities and the environment. In particular, the City's authority to plan for the Markham Innovation Exchange ("MiX") district in north Markham, intended for high value industry and employment, innovation and related activities, should be maintained.

The regulations should include requirements to formally notify and seek support from affected municipalities when proposing zones and projects similar to what is required for private proponents requesting Minister's Zoning Orders or seeking long-term electricity procurements from the IESO which require pre-consultation and a municipal support resolution.

As the SEZA provides significant authority to the Ontario Cabinet and Minister to exempt projects and proponents from meeting requirements under any legislation, including municipal by-laws, the details of decision-making processes to be undertaken to designate specific zones, projects and proponents should be made available prior to finalizing regulations.

Staff comments on the draft SEZA Regulation, which were submitted on November 6, 2025, reinforce the comments previously endorsed by Council. Key recommendations included in the comments are highlighted below.

Recommendations:

- Prior to designating zones and projects, the province should undertake further consultation to clarify how projects will be listed, evaluated and selected . The process should include requirements to notify the public and municipalities of designation proposals and seek municipal support for designations and exemptions where they potentially impact a municipal authority or by-law.
- The Criteria for Designations Regulation for designating zones and projects should include a criterion requiring confirmation that consultation with the affected municipality has been undertaken and municipal support for the designation has been confirmed through a municipal support resolution.
- The Ontario Regulation 681/94 under the *Environmental Bill of Rights, 1993* be amended to expressly require that regulations designating zones and projects be subject to Part II of the Environmental Bill of Rights, 1993 to provide additional

opportunity for the public to review specific designation proposals and provide feedback.

2. Proposed Regulations Required to Implement the Species Conservation Act

Bill 5 enacted interim changes to the *Endangered Species Act (ESA)*, which are now in force, and proposed its eventual replacement with the new SCA. No substantive changes were made to the legislation as a result of the Province's initial consultation. The new Act will come into force on a future date to be proclaimed once implementing regulations and guidance are finalized.

The SCA sets out a new framework for species conservation in Ontario intended to shift most project authorizations from permits requiring approvals and review by Ministry staff to a more streamlined proponent lead "registration" approach to allow projects to proceed without a permit provided projects are registered with the Ministry and requirements for registration have been satisfied.

In addition to requesting input on guidance that should be updated or replaced, the Ministry has requested comments on the general content to be included in the following new regulations under the SCA:

- Protected Species in Ontario List Regulation: list of species that receive protections under the SCA.
- Registration Regulation: outlines rules and requirements for those undertaking a registerable activity.
- Permit Regulation: specifies which activities require a permit and may include any rules and requirements for those activities.
- Exception Regulation: specifies which activities can proceed without a registration or permit.
- Transition Regulation: specifies how permits, agreements and other authorizations, registrations, and orders issued under the ESA will transition under the SCA.

A summary of the Province's proposed regulations is provided in Attachment E.

Summary of Comments Submitted to the Province

The proposal to repeal the ESA and replace it with the SCA is a significant shift that weakens protection for species at risk currently in the Act and may not achieve the intended objectives of the Province to provide for the protection and conservation of species and species habitat.

Previous recommendations to retain a broader definition of habitat to be protected, a requirement for recovery strategies, and an overall benefit mitigation standard (i.e., net gain standard) were not included in the new Act. Other recommendations requesting strong protection standards for project authorizations; enabling more municipal infrastructure to proceed through project registration; and continuing the eligibility of municipalities to receive grant funding through the new Species Conservation Program remain relevant for consideration in the development of draft regulations and guidance.

The development of regulations to shift most authorizations to a 'permit-by-rule' registration approach is supported in principle provided requirements ensure effective habitat protection, mitigation and offsetting when authorizing activities impacting species at risk. Clear and consistent guidance is required to enable municipalities to efficiently coordinate compliance requirements and avoid delays in infrastructure delivery.

Staff recommendations (highlights) submitted on November 6, 2025 to the Province for consideration in the development of regulations and guidance are provided below.

Proposed Protected Species At Risk List Regulation Recommendations:

- The removal of federally listed species from the Protected Species at Risk in Ontario List should only be on the basis of provincial assessments that an equivalent standard of species and habitat protection will be afforded through compliance with federal requirements and approvals.
- The proposed removal of federally listed species from the Protected Species at Risk in Ontario List should be reviewed on an annual basis with guidance that species be re-listed if species statuses change at the federal level or if provincial assessments determine that federal species and habitat protections are not equivalent to provincial requirements for species protection needs determined at a provincial scale.
- Early communication, guidance and transition support is recommended regarding how responsibilities will be divided between the Province and federal agencies for municipal infrastructure project reviews affecting aquatic and migratory species.

Proposed Registration Regulation Recommendations:

- Registerable activities should be limited to those with lower impact and risk, and to situations that do not require complex mitigation and compensation for larger scale impacts, or extensive oversight and review by Ministry of the Environment, Conservation and Parks (MECP) staff.
- The new regulation rules should enable more municipal infrastructure projects to be authorized through project registrations without the need for permit approvals while maintaining strong standards for species and habitat protection.
- The new regulation should clearly define which types of municipal infrastructure activities (e.g., road reconstruction, stormwater management retrofits, culvert replacements, utility installations, etc.) would qualify as registerable activities, along with any thresholds for project scale or habitat sensitivity that would trigger the need for a full permit.

Proposed Permit Regulation Recommendations:

- The proposed permit regulation should require higher-impact and higher-risk activities to be subject to permit approvals under the Act, including activities that have larger scale impacts, involve more complex mitigation and compensation, or require more involved oversight and review by MECP staff.

- Detailed implementation guidance, including decision criteria, mitigation hierarchy examples, and sample permit conditions should be provided to assist municipalities and consultants with compliance planning.

Proposed Transition Regulation Recommendation:

- A guideline document explaining transition options and requirements for municipal infrastructure projects should be provided to ensure regulatory certainty for ongoing projects initiated under existing ESA permits, agreements, or conditional exemptions.

Other Guidance

The continuation of the Species Conservation Program with enhanced funding up to \$20 million annually to promote protection and conservation of species under the new Act is an important commitment of the Province. The funding of stewardship initiatives to third parties for habitat restoration, public education and outreach, and scientific research that fills knowledge gaps contributes to the protection and conservation of species and should be continued.

The current eligibility for municipalities to receive grant funding to undertake stewardship initiatives under the current Species at Risk Stewardship Program should continue under the new Species Conservation Program.

FINANCIAL CONSIDERATIONS

This report has no immediate or direct financial impact to the Operating Budget or Life Cycle Reserve Study.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Planning, Economic Development, Engineering, Finance and Legal staff were consulted in the preparation of this report.

NEXT STEPS

Staff will continue to monitor and respond to the regulatory proposals implementing the SEZA and SCA as needed.

RECOMMENDED BY:

Giulio Cescato, RPP, MCIP
Director, Planning and Urban Design

Trinela Cane
Commissioner, Development Services

ATTACHMENTS:

- Attachment A – Environmental Registry of Ontario (ERO) Postings Associated with the *Protect Ontario by Unleashing our Economy Act*
- Attachment B – Comments on Proposed Special Economic Zones Designation Criteria
- Attachment C – Comments on Proposed Regulations to Enable Implementation of the *Species Conservation Act*
- Attachment D – Proposed Criteria for Designations Regulation under the Special *Economic Zones Act*
- Attachment E – Proposed Guidance and Regulations to Enable Implementation of the *Species Conservation Act*