

STRENGTHENING ONTARIO'S RURAL TOURISM ECONOMY

Purpose

To brief the Province of Ontario on two actions that will materially strengthen rural tourism outcomes across Eastern Ontario: modernize the Municipal Accommodation Tax (MAT) regulation for rural realities; and stabilize and increase base funding for RTO-11 (Ontario's Highlands Tourism Organization, OHTO).

We appreciate the Province's ongoing collaboration on local projects and look forward to deepening that partnership with pragmatic, high-impact improvements.

Proposal

1. The Municipal Accommodation Tax (MAT) is a welcome revenue generator for municipalities to support tourism investment, but the regulation needs to be strengthened to close loopholes and maximize MAT implementations to expand local tourism and municipal funding.
2. The County of Renfrew and Ottawa Valley Tourist Association support the need for increased funding for RTO-11 Ontario's Highlands Tourism Organization, which is the largest rural RTO by land mass and the least funded with the organization receiving less financial support in 2025 than when it was first established in 2010.

Background

Strengthening Municipal Accommodation Tax (MAT) Regulation

Rural tourism is a vital part of Ontario's visitor economy – supporting small businesses, cultural assets, natural attractions, and year-round experiences in communities across the province. Yet rural destinations face funding and infrastructure barriers that limit their ability to grow, compete, and adapt to changing visitor trends.

The Municipal Accommodation Tax (MAT) is one of the few revenue tools available to rural municipalities to reinvest in tourism development. Since its introduction in 2017, more than 70 municipalities have adopted MAT – including two in Renfrew County – but the current regulation lacks clarity, consistency, and flexibility, especially for rural communities with limited staff capacity and diverse accommodation types.

Furthermore, the low level of accommodation inventory in rural Ontario and the number of municipalities (45 alone in Ontario's Highlands) makes this a complex process for implementation.

We support the Tourism Industry Association of Ontario's (TIAO) recommendations to modernize and clarify the MAT regulation so that rural tourism destinations can fully realize its potential as a tool for economic development and destination management.

Request for Support

Issue	Recommendation	Why It Matters for Rural Tourism
1. Unclear MAT Purpose	Add a clear “Program Purpose” in the regulation.	Builds trust with councils and communities; improves adoption.
2. Narrow Definition of “Promotion”	Explicitly include product and program development.	Supports experience development, not just advertising.
3. No Process for Rate Changes	Require municipal consultation with tourism stakeholders.	Prevents unilateral decisions that can damage local relationships.
4. STRs Not Required to Remit MAT	Implement province-wide STR framework for collection.	Ensures fairness and captures rural STR revenue.
5. Delays in Fund Distribution	Mandate distribution within 90 days; simplify reporting.	Supports lean rural DMOs with timely, accessible funding.
6. College/University Exemptions	Remove exemptions for seasonal accommodations.	Captures MAT from rural campus residences used by visitors.
7. Risk of MAT Replacing Existing Funds	Require MAT to supplement – not replace – current funding.	Guarantees real reinvestment in rural tourism growth.

MAT reform is not just a technical fix – it’s a strategic enabler for rural tourism development. A modernized, transparent, and consistent regulatory framework will ensure MAT delivers on its promise: to strengthen Ontario’s tourism sector, stimulate regional economic growth, and build more resilient communities across the province.

Background

Support for RTO-11 Ontario’s Highlands Tourism Organization

Ontario’s Highlands Tourism Organization (OHTO), the Regional Tourism Organization for RTO-11, serves one of the most rural and geographically expansive areas in the province – spanning 24,000 square kilometres across Haliburton, Lanark, Renfrew, and parts of Frontenac, Hastings, and Lennox & Addington counties.

Tourism in this region contributes more than \$660 million in annual visitor spending and supports more than 1,000 small and medium-sized tourism businesses. As a fully rural RTO, OHTO plays a critical role in building capacity where tourism resources are limited or nonexistent. (As an example, there is only one Destination Marketing Organization (DMO) in the region, located in Renfrew County – the Ottawa Valley Tourist Association.)

OHTO's work in strategic marketing, destination development, workforce support, and community engagement directly strengthen the local economy. OHTO has demonstrated strong leadership in supporting recovery and innovation. Through the Tourism Relief Fund, it administered more than \$3.6 million to 61 businesses to preserve jobs and adapt operations. Federal investments in initiatives like Ride the Highlands and the Eastern Ontario Rail Trail Loop are helping to diversify tourism offerings and drive new rural visitation.

OHTO provides strategic leadership and support to all 6 sub-regions, who collaboratively pursue opportunities to leverage resources, reduce duplication and capitalize on each others strengths to maximize impact of tourism sector investments. Examples of collaborative initiatives, that would not have been successful if not for OHTO's leadership and support, include research, product development (ie: trail and route development), travel trade and marketing.

Our region offers high demand experiences, including our popular Ride The Highlands motorcycle program, award-winning Travel Trade Partnership and Come Wander brand. However, as an entirely rural region, we have low accommodation inventory with very few branded properties, with some communities relying solely on short-term rentals to accommodate tourists, and many campgrounds. The largest hotel conference facility in the region, located in Pembroke, only has 150 rooms.

Accommodations conventionally anchor funding models for the tourism sector (MAT and RTO funding allocations) resulting in:

- bulk of the funding going to tourism destinations that offer accommodation but little else or mature tourism destinations that already enjoy robust accommodation and visitation; and
- a lack of diversification of Ontario's tourism sector because the same accommodation-rich regions are seeing the investments, while destination with high demand experiences, but low accommodation inventory, do not have the capacity to further develop. This limits the Ontario offer and reduces dispersion from areas of over visitation to areas that are seeing less pressure.

Despite all of its impact, the current level of funding allocated to OHTO is jeopardizing all of this work. OHTO continues to face structural funding challenges, including limited base funding and narrow eligibility under existing programs – constraints that threaten the organization's ability to scale successful programs and meet regional needs.

Understanding most destinations are struggling with funding, our region is at a higher disadvantage simply due to our lack of accommodation. The struggle is more acute in our region because we also do not have the diversification of our industries that are more typical of urban destinations. Many of our communities have come to rely on the visitor to support their local economy. Our rural way of life is more heavily dependent on the visitor economy yet the funding models are not designed in a way that can truly support it.

Increased and stable funding for OHTO is essential to:

- Deliver targeted support to rural tourism operators and communities
- Expand product development and shoulder-season visitation
- Enhance workforce readiness and business sustainability
- Promote responsible, inclusive, and community-aligned tourism

When established in 2010, OHTO's annual budget was \$909,000. It was increased to \$1M annually between 2013 and 2016 before it was decreased again to \$950,000. In 2019, the annual budget was reduced to \$766,426 where it has remained flat lined. These budget reductions have resulted in cuts to staffing levels, operations and program delivery.

When looking comparatively at all RTO's across the province and their portion of visitor spending, accommodation/short-term rental inventory and provincial funding, Ontario's Highlands (RTO 11), generates nearly 6% of Ontario's visitor spending but receives less than 4% of provincial RTO funding, illustrating how an accommodation-inventory-weighted model structurally disadvantages rural destinations and constraints growth.

RTO	Total Visitor Spending (2022)	Accom. + STR Inventory	Provincial Funding (\$)	Spending Share (%)	Accom. Share (%)	Funding Share (%)	Funding vs Spending Gap (pp)	Funding per \$1 of Spending
1	\$1.56B	7,647	\$1,611,200	10.7	11.6	8.1	+2.7	\$0.00103
2	\$2.10B	6,012	\$3,343,200	14.5	9.2	16.8	-2.3	\$0.00159
3	\$705M	5,806	\$1,096,000	4.8	8.8	5.5	-0.7	\$0.00156
4	\$1.11B	4,623	\$1,212,000	7.6	7.0	6.1	+1.6	\$0.00109
6	\$1.03B	9,432	\$2,218,400	7.1	14.4	11.1	-4.0	\$0.00215
7	\$2.19B	10,285	\$2,012,000	15.0	15.7	10.1	+5.0	\$0.00092
8	\$1.08B	4,763	\$947,200	7.5	7.3	4.8	+2.7	\$0.00087
9	\$1.21B	5,867	\$1,451,200	8.3	8.9	7.3	+1.0	\$0.00120
11	\$853M	1,469	\$766,426	5.9	2.2	3.8	+2.0	\$0.00090
12	\$1.32B	4,415	\$1,198,400	9.1	6.7	6.0	+3.1	\$0.00091
13	\$1.38B	5,321	\$4,102,400	9.5	8.1	20.6	-11.1	\$0.00297

The above analysis is based on the Regional Tourism Profile data provided by the Ministry of Tourism, Culture & Gaming (2023 profile data available here <https://data.ontario.ca/en/dataset/regional-tourism-profiles>) and does not include the previous RTOs 5 (Toronto) and 10 (Ottawa) as they no longer receive provincial funding through the RTO program.

Request for Support

We ask the Province to:

- Return to original funding level for RTO11 Ontario's Highlands OR make available a separate fund (ie: Pan Provincial funding) for RTOs to apply to for larger, long-term partnership initiatives specific to rural communities (perhaps as joint initiative among multiple Ministries).
- Implement multi-year Transfer Payment Agreements (TPA), in order to plan and invest in programming beyond year-to-year and build on long-term benefits.
- Apply pressure to the Federal government to continue to assist the tourism sector in rural communities through the RTOs.

Why Your Support Matters

Ontario's Highlands is a vital part of the province's tourism economy. Supporting OHTO is not only an investment in regional recovery – it is a strategic commitment to the long-term health and competitiveness of rural tourism across Eastern Ontario.

We're ready to work with MTCGS, Finance, municipal partners, and industry to finalize the regulatory updates and multi-year funding approach.