Exploring the Future of Haliburton County

Community-wide Affordability and Governance Structure Study

A Summary Document

September 2026

EORN
EASTERN ONTARIO REGIONAL NETWORK

Haliburton HIGHLANDS

This document is intended to provide some background information and a digestible, high-level summary of the final report for the County of Haliburton's Community-wide Affordability and Governance Structure Study produced by the Eastern Ontario Regional Network (EORN). Residents are encouraged to read the full report, which is available on the County's public engagement platform at **wadein.haliburtoncounty.ca**

About the Study

The subject of potential change to the local governance structure for the County of Haliburton and its four lower-tier municipalities – the Township of Algonquin Highlands, the Municipality of Dysart et al, the Municipality of Highlands East, the Township of Minden Hills - has been discussed by County Councils over the course of many years. The five local municipalities have made progress in heightened collaboration, sharing of resources and some streamlining of service delivery in recent years. However, multiple and mounting financial pressures, many of which are external and uncontrollable, are making the current governance structure in the County of Haliburton increasingly unsustainable.

Following presentations regarding the intent to proceed with an Affordability and Governance Structure Study to the local councils in the early part of 2026, and with their agreement, Haliburton County Council commissioned independent, third-party consultant EORN to undertake the study.

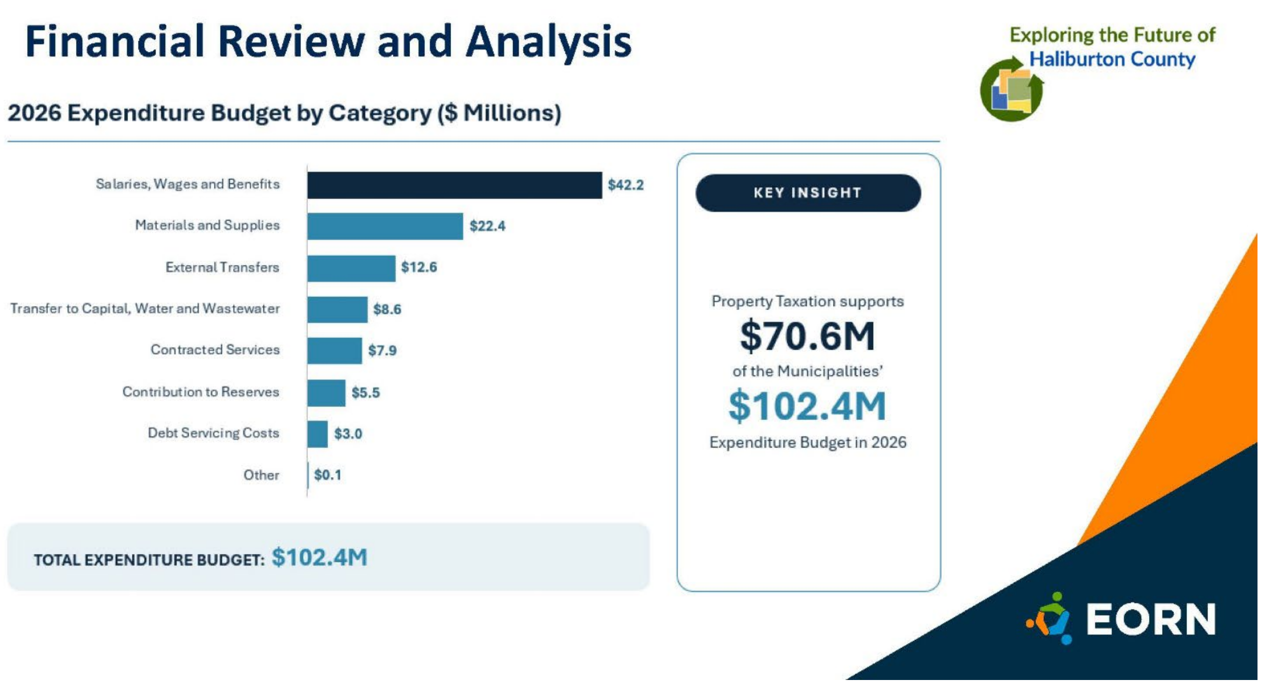
EORN conducted in-depth consultation with the staff and councils of the five local municipalities, as well as a thorough public engagement period, throughout June and July. This process included a public survey, direct conversations with councillors and senior staff members, a staff survey for all municipal employees, and discussions with targeted focus groups consisting of community stakeholders. Ninety-two per cent of respondents to the public survey support change in the local governance structure, so long as service levels can be maintained or improved.

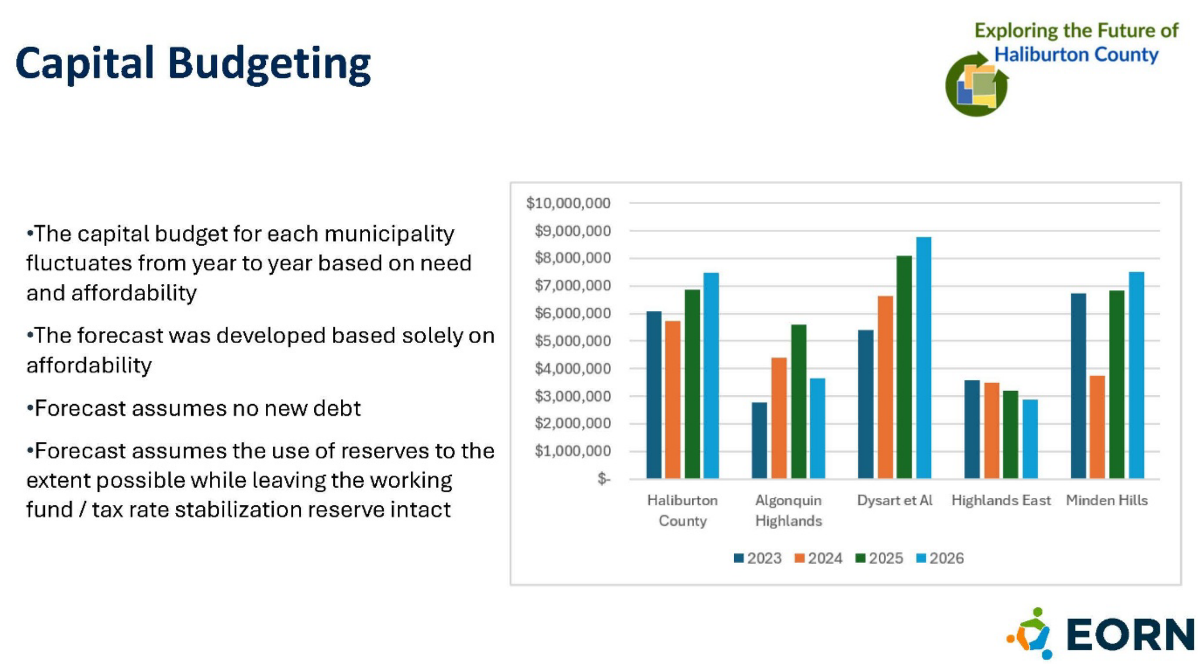
The County and local municipalities submitted substantial financial data to the consultant, which was analyzed in the drafting of four governance model options contained in the study's final report.

EORN will be conducting a more in-depth financial analysis of the four potential models throughout late 2026, with that information becoming publicly available the week of December 14. The new councils, which will be established through the October 26 municipal elections, are scheduled to discuss the study in the early part of 2027.

A Look at Budgets

For 2026, the combined expenditure budgets of the County of Haliburton and its four lower-tier municipalities totalled $102.4 million. Of this total, $70.6 million was generated from property taxes, with the remaining balance coming from other sources such as fees and charges, grants, loans and reserves. It's important to note that 98% of the assessment base is residential. Residential taxpayers shoulder almost all the costs of providing municipal services across the County, which is not the case for most municipalities in Ontario.





The Tax Base

Property taxes are the foremost driver of revenue for municipal governments. In Haliburton County, due to its limited commercial and industrial development, the percentage of the tax base comprised by residential property taxes is abnormally high – a whopping 98%. This disproportionate reliance on residential property taxes places a significant burden on individual taxpayers, in a community where the after-tax household income is 17% below the provincial average.

Without any change to the current governance structure in Haliburton County, the pressure on taxpayers will only continue to grow as costs continue to rise.

External Pressures

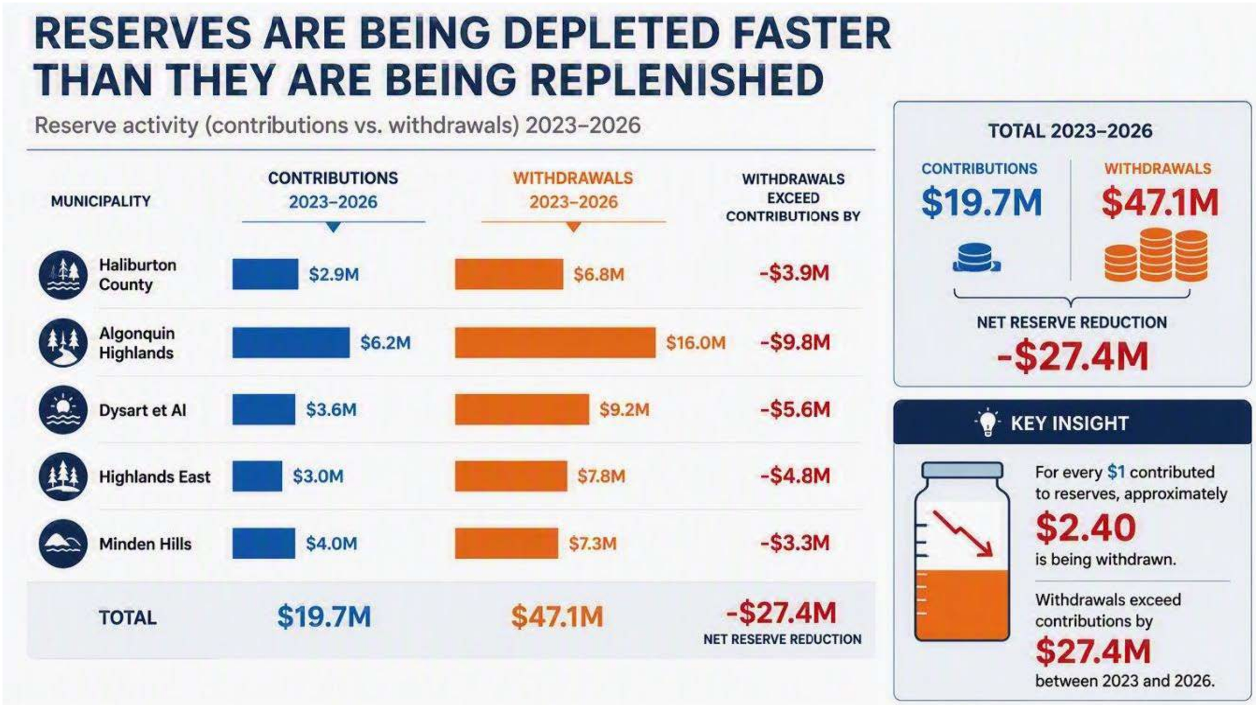
Approximately 35% of annual expenditures in the County budget are for mandated payments to external agencies. At the lower-tier level, expenses like police services impact local budgets, and these costs are expected to continue to increase significantly in the next number of years. Other examples include payments to the City of Kawartha Lakes (the County's social services provider), the Municipal Property Assessment Corporation (MPAC) and Lakelands Public Health. For 2026, these costs totalled more than $6.2 million at the County level, in addition to the millions of dollars more paid by the lower-tier municipalities for policing.

Future Pressures

Aging infrastructure like roads, bridges, arenas, fire halls, water and wastewater facilities across the large geographic area and the ever-escalating cost of maintaining and replacing it is a major financial concern for the County. Over the next 10 years, more than $70 million will be required to maintain or replace these critical assets. Current estimates, however, point to a collective funding shortfall of $19 million and growing.

Adding to the capital funding challenge, all five municipalities are drawing down capital reserves to support operations and reduce their tax levies and that is not sustainable, nor is it best practice.

The chart below shows how the County and its lower-tier municipalities are drawing down reserves much quicker than they are replenishing them. Between 2023 and 2026, there was a collective reduction of nearly $27.5 million in reserves, which are not being replenished at an appropriate rate. For every $2.50 removed, $1 is being re-invested in these reserves.



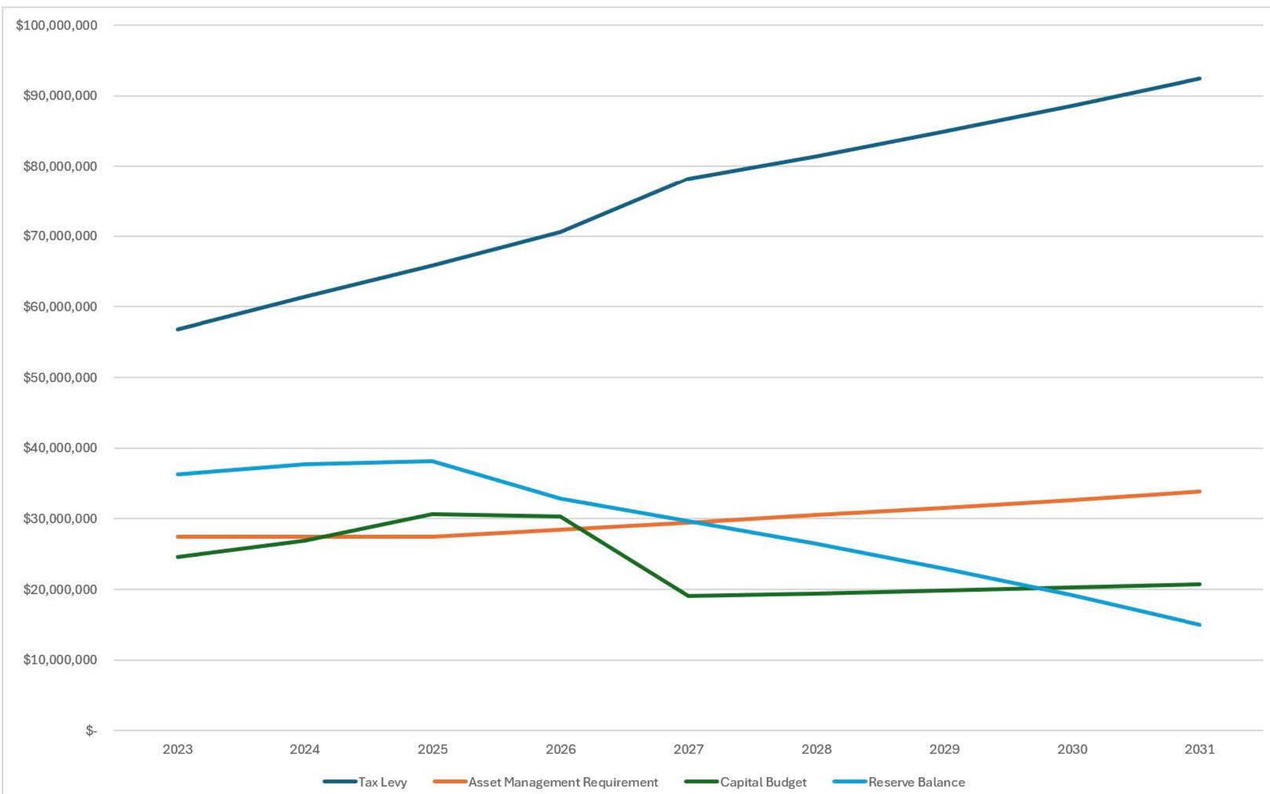
Reserve depletion can be a warning signal. It does not always mean an immediate crisis, but it does mean that municipalities have less room to respond to emergencies, unexpected repairs, inflation or delayed revenues. When reserves are drawn upon too quickly, municipalities can lose flexibility.

If reserve levels continue to fall at the current rate, future councils will have fewer options, and may need to defer projects, borrow more, reduce service levels, increase property taxes or fees, or resort to one-time measures that do not solve the underlying issue.

The Status Quo

Continuing with the status quo comes with risk. The County and its lower tiers struggle to meet their capital funding requirements. Currently, as already noted, capital reserves are being used on an ongoing basis to help fund annual operations. As reserves are depleted, it means pressure on property tax will continue to grow in order to meet capital budget requirements.

The graph below illustrates the forecasted financial implications of sticking with the status quo:



Cumulatively, the County and its local municipalities have taken on $29 million in additional debt over the past four years to support capital projects. Based on a 20-year term and with current lending rates, the annual cost of serving $1 million in debt is $78,000.

Capacity-Building

In any new governance model, one of the key goals should be to make municipal service delivery as efficient and affordable as possible, target duplication and eliminate redundancies wherever possible. Any savings can then be re-directed to build municipal capacity.

What is capacity-building? It's improving internal staffing capabilities, adding in-house expertise like engineering to reduce reliance on outside consulting services, and creating stronger oversight and planning capabilities to better manage a municipality's finances. It's making approval processes quicker and more responsive to the public or increasing the ability to generate economic growth.

Capacity-building allows municipalities to become proactive versus reactive, creating the ability to be more adaptable and responsive to the challenges of modern municipal administration and management.

This does not mean property taxes would suddenly decrease, but it does mean taxes currently being collected can be put to different and better use.

Community Engagement

EORN conducted direct consultation with the councils and staff members of the County and all local municipalities in the creation of its final report, along with a thorough public engagement process that included open houses, a resident survey and subsequent town hall meetings in multiple communities and online. A staff survey was also made available, and discussions were held with targeted focus groups consisting of community leaders and stakeholders.

In total, 22 engagement sessions were conducted involving more than 350 participants, and 573 public survey responses were received. This represents a statistically relevant sample size for the County's population. Seventy-eight per cent of respondents identified themselves as permanent residents. More than 200 additional surveys were completed by staff and senior management and current council members, meaning that in total, more than 800 survey responses were incorporated into the final report. Hundreds of residents attended town hall meetings subsequent to the release of the report.

Community engagement will continue to be part of the study process until such time a decision on a governance model is made.

Survey Results

The defining issue for residents, elected officials and staff members is affordability, with 82% of survey respondents identifying this as their No. 1 concern. The cost of living, property taxes and value for money are top of mind for the vast majority of survey respondents, whose views reflect the broader community across the whole of Haliburton County. Other top themes include efficient service delivery, infrastructure investment, sufficient staffing levels, economic growth and preservation of community character. Ninety-two per cent of respondents to the public survey support a change in governance structure, so long as service levels are maintained or improved.

Among municipal staff, current workloads were identified as unsustainable, limiting capacity for new initiatives and consistent service levels. Inconsistent HR policies were also noted, with respondents indicating that a consolidated HR function could standardize recruitment, benefits, onboarding and policy alignment. Importantly, 69% of staff respondents rated the effectiveness of the current government structure as "moderate to low."

The following graphic shows a breakdown of top priorities as ranked by residents, staff and community leaders:

Some Key Findings

Long-Term Financial Sustainability Will Require Continued Action

Rising infrastructure costs, inflation, legislative requirements, and limited assessment growth will continue to place pressure on municipal finances. Long-term financial sustainability will require new approaches to governance, continued strategic planning, disciplined financial management, and ongoing investment in municipal infrastructure and services.

Organizational Capacity Is Becoming Increasingly Important

Municipal governments are expected to manage increasingly complex legislative responsibilities while competing for specialized staff and technical expertise. Strengthening organizational capacity will be essential to maintaining service quality, managing risk, and responding effectively to future challenges.

Governance Change Alone Will Not Likely Automatically Reduce Costs

Experience from comparable municipalities demonstrates that governance restructuring does not, on its own, guarantee lower taxes or immediate financial savings, but it does offer opportunities for maintaining and improving municipal services in the face of rising costs and economic uncertainty. A stronger municipality with a more robust financial capacity makes opportunities for more capital investment in critical infrastructure become attainable.

Community Identity and Local Representation Matter

Throughout the engagement process, residents consistently emphasized the importance of preserving the unique identity of each municipality while maintaining accessible, accountable, and responsive local government. These community values should continue to inform future governance discussions and decision-making.

The Current Governance Model

The County of Haliburton is currently a two-tier local governance system, with the County forming the upper tier over the lower tiers of the Township of Algonquin Highlands, the Municipality of Dysart et al, the Township of Minden Hills, and the Municipality of Highlands East. Each has its own elected council and administration. In total, there are 24 elected members. County Council has eight members, who are also members of the local councils.

Haliburton County has a permanent population of just more than 20,000 and during the peak recreational season, that can more than double.

Each tier has its own set of responsibilities and services, some of which, such as roads, overlap.

The County of Haliburton is responsible for paramedic services, social services and housing, economic development, tourism, IT services, finance and administration, communications, community safety and well-being, emergency management coordination, regional planning matters and the maintenance of the County roads network, among other services.

The local municipalities – Algonquin Highlands, Dysart et al, Highlands East and Minden Hills – are responsible for fire protection, parks and recreation, building services, by-law enforcement, waste management, finance and administration, local planning and zoning matters, digital transformation services, communications, cemeteries, community events, facilities and the maintenance of their respective road networks.

Politically, decision-making power currently rests with five councils – one for each of the four local municipalities, and one for the upper tier of the County. Haliburton County Council is comprised of eight representatives – the mayor and deputy mayor of each of the four lower-tier municipalities.

Algonquin Highlands and Highlands East councils each have five members, and Dysart et al and Minden Hills council each have seven. So, collectively, there are 24 elected representatives filling a combined total of 32 council seats.

Under the current governance model, there are five separate councils with five separate administrations, five separate staff teams, and five separate sets of by-laws, policies and procedures.

Governance Models for Consideration

The report presents and analyzes four potential governance models for Haliburton County but does not make a recommendation for a preferred option. The models for consideration are as follows:

- **Model 1 – Current Two-Tier Governance Model**
  The current two-tier municipal governance model divides municipal responsibilities between Haliburton County and its four local municipalities.
- **Model 2 – Single Tier Governance Model**
  A single-tier municipal governance model would consolidate responsibility for all municipal services, decision-making, taxation, planning, and administration into one municipal government for the entire study area.
- **Model 3 – Enhanced County – Four Local Municipalities**
  An enhanced two-tier municipal governance model would retain both the County and the four local municipalities while shifting many administrative services responsibilities, staff resources, funding, and operational authority to the County.
- **Model 4 – Enhanced County – Two Local Municipalities**
  This model would retain the existing two-tier municipal structure, reduce the number of local municipalities from four to two, and transfer responsibility for managing selected services to the County.

Model 1 – Current Two-Tier Governance Model

County Role

- Delivers county-wide services such as County roads, paramedics services, social services and housing, emergency management coordination, economic development, regional planning and other legislated or previously agreed upon services
- County Council is made up of eight elected municipal representatives from the four local municipalities
- The County operates with its own administrative structure and staff

Local Municipal Role

- Delivers community-based services such as local roads, fire protection, parks and recreation, building services, local planning and zoning, cemeteries, by-law enforcement, customer service, community events and local facilities
- Municipal council is comprised of elected representatives; five in Algonquin Highlands and Highlands East, respectively, and seven in Dysart et al and Minden Hills, respectively
- Each municipality operates with its own administrative structure and staff

Model Overview

- Maintains local representation and community identity but requires ongoing coordination and can create duplication, inconsistent service levels and complex accountability

Model 2 – Single Tier Governance Model

County and Local Municipal Role

- The current County and four local municipalities would be replaced by one municipal government
- One council and one administration would be responsible for all municipal services, including roads, planning, building, by-law enforcement, waste management, fire services, recreation, economic development, communications, customer service, finance, HR, IT, procurement and asset management
- Local access and services could still be delivered through local offices, public works yards, fire stations, libraries, recreational facilities and community hubs

Model Overview

- Provides the clearest accountability and greatest opportunity for integration
- Would require a complex transition process and strong commitments to local identity and representation

Model 3 – Enhanced County – Four Local Municipalities

County Role

- The County would assume responsibility for a majority of services that benefit from scale, specialized expertise, consistent standards, and regional planning
- Potential County responsibilities: Planning and development, building and permitting administration, public works and infrastructure, waste and environmental services, IT and digital services, procurement, HR, communications,

finance, asset management, economic development, tourism, libraries and all municipally owned facilities
- The County operates with its own administrative structure and staff

Local Municipal Role

- The four local councils would focus on community-based services, local representation, customer service, recreation programming, community events, local heritage, local fire service including suppression, local by-law matters, and neighbourhood-level priorities

Model Overview

- Strengthen regional capacity and consistency while preserving the four local municipalities but will require clear accountability and careful service-transfer planning

Model 4 – Enhanced County – Two Local Municipalities

County Role

- The County would assume responsibility for a majority of services that benefit from scale, specialized expertise, consistent standards, and regional planning
- Potential County responsibilities: Planning and growth management, building and development administration, public works and infrastructure, waste and environmental services, fire administration and emergency management, corporate services, finance, HR, IT, communications, procurement, economic development, tourism, libraries, facilities, policing oversight, airport management and health centre services

Local Municipal Role

- The four existing local municipalities would be consolidated into two larger local municipalities, each with its own council and streamlined staffing structure
- The four local councils would focus on community-based services, local representation, customer service, recreation programming, community events, local heritage, by-law matters, and neighbourhood-level priorities

Model Overview

- Creates more integration than Model 3 while preserving some local governance but has higher transition complexity because it changes both municipal boundaries and service responsibilities

Conclusion & Next Steps

The Affordability and Governance Structure Study provides County Council and the four local municipal councils with a comprehensive, objective, and evidence-based assessment of the opportunities and challenges associated with the current governance structure and the governance models available for future consideration.

The study demonstrates that Haliburton County and its local municipalities face significant long-term financial and organizational pressures that will require continued attention regardless of the governance structure ultimately maintained or adopted.

EORN will conduct more in-depth financial analysis of the four potential models and projected cost savings throughout the latter part of 2026, with that information to become publicly available in mid-December.

A decision on a governance model for the County of Haliburton will ultimately be the responsibility of the incoming municipal councils, to be established through the October 26, 2026 municipal elections.

While joint sessions of County and local councils are tentatively scheduled for January and February 2027 in order to discuss the matter, timelines will ultimately be decided by the incoming councils.

There will be further opportunities for public engagement throughout the process.