

Municipality of the District of Guysborough

Canso Taxation Review

KPMG Presentation to Council

February 18, 2026



Project objectives

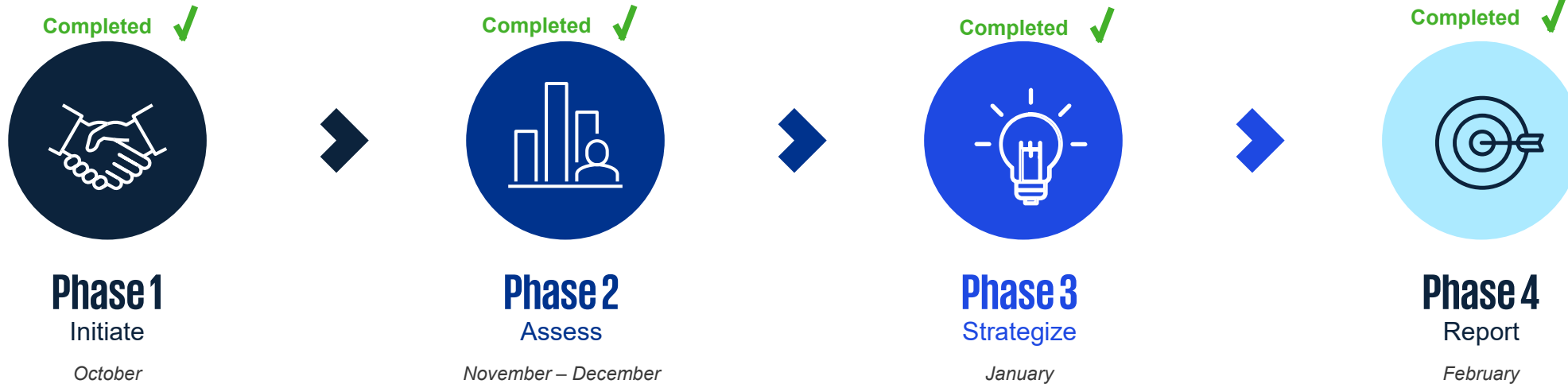
Municipality of the District of Guysborough (MODG) has retained KPMG to conduct a fair, transparent, and actionable review of Canso’s tax rates and assessments, with recommendations that address both resident concerns and the Municipality’s commitment to service equity, economic stability, and compliance with leading practices.

This project aims to achieve the following strategic goals:

- 1. Taxation Process Analysis:** Establish a clear and comprehensive understanding of Canso’s current property tax rates, assessments, and municipal service levels by systematically reviewing all relevant financial, legislative, and operational documents.
- 2. Stakeholder Engagement:** Gather diverse perspectives and concerns from key internal and external stakeholders—including MODG leadership and Canso residents—to ensure the review addresses both community expectations and municipal priorities.
- 3. Jurisdictional Review:** Benchmark Canso’s property taxation model against comparable Nova Scotia municipalities to identify best practices and opportunities for service and tax equity within MODG.
- 4. Financial Analysis:** Analyze property assessment data and tax structures across MODG communities to determine whether Canso residents are paying a fair share relative to the services received, supporting actionable recommendations for equitable taxation.

Project phases

The project has been broken down into four phases, as illustrated below, each focused on specific, tangible objectives and activities:



This phase lays a strong foundation for the project through the facilitation of introductory kickoff meetings with key project contributors.

Activities:

- Kick-off meeting with the Project Team
- Confirmed Project Charter
- Project Schedule / Gantt Chart
- Stakeholder Engagement Plan
- Preliminary information request

This phase is important in developing a common understanding of the current state from which perspective everyone can begin to view potential opportunities for the future.

Activities:

- Documentation Review
- Stakeholder Engagement
- Jurisdictional Scan
- Financial Analysis
- Interim Report
- Working Session #1: Interim Report Presentation

This stage of our work plan involves the identification of potential models of taxation and tax burden for MODG and the community of Canso.

Activities:

- Develop taxation models
- Working session #2 to review taxation models
- Prepare recommendations
- Working Session #3 review recommendations
- Facilitate on-site public open houses (2)

KPMG will summarize all the work completed during the previous steps and develop a final report with including findings, conclusions and proposed recommendations.

Activities:

- Draft final report
- Working Session #4: Review draft final report with Project Team
- Final presentation to Council and invited rate payer group

What we heard – summary of MODG resident open house

Open house

KPMG conducted an in-person open house on February 4, 2026 with MODG residents to gain an understanding of the community’s perspective on Canso’s tax structure.

Three sessions were held:

- Meeting with the Eastern Guysborough County Ratepayers Association
- Open house at the Canso Fire Hall
- Open house at the Chedabucto Lifestyle Complex

Over 150 residents attended the open house.

Five district councillors of MODG also attended the public open house sessions.

Residents shared long-standing perceptions of inequity in how Canso residents are taxed and how municipal services are delivered. There is a strong desire for consistency, fairness, and alignment with the broader MODG taxation practices.

A summary of what was heard at the open house sessions is provided below:

- 1. Lack of clarity in the current tax structure:** Residents noted confusion regarding the existing tax structure, which differs from that of other MODG communities. They are seeking clearer explanations, access to open data, and acknowledgment from MODG that inequities may exist. Several residents believe MODG benefited from dissolution-era funding agreements and believe the Municipality did not clearly or transparently explain how those funds were allocated or used.
- 2. Property assessments not aligned with local market conditions:** Many residents raised concerns about increases in property assessment values despite little or no material change in property condition. There is a widespread belief that assessments do not reflect local market realities. Residents pointed to discrepancies across municipal boundary lines, where similar properties receive different assessments and tax outcomes.
- 3. Legacy boundary issues contributing to unfair outcomes:** Residents identified historic boundary lines as a continuing source of inequity. Durrells Island was frequently cited as a key example, as it is divided between MODG and the former Town of Canso. These boundary-based differences are viewed as emblematic of how former town status continues to distort taxation fairness years after amalgamation.
- 4. Willingness to pay a fair share through consistent taxation:** A majority of residents emphasized that Canso does not seek “special treatment.” Instead, residents are open to restructured taxation models, provided they are fair and consistent with those applied across other MODG communities. Many supported a unified “one county” approach to taxation.
- 5. Need for improved transparency and public engagement on services:** Residents indicated that the relationship between local tax contributions and municipal service delivery is poorly understood—specifically, what Canso residents pay for compared to what services they receive. Many believe service inequities exist and that the community is under-invested relative to other MODG areas. Residents expressed interest in MODG providing open data on service costs, service levels, and delivery effort.

How property taxation works in Nova Scotia

Tax Bill Calculation & Levy

The property taxes paid by residents is based on the following calculation:

$$\text{Residential Property Tax} = \text{Assessed value} \times (\text{Municipal Rate} + \text{Area Rates})$$

The **tax levy requirement** is the total amount raised for the services delivered.

The municipal rate is therefore calculated as follows:

$$\text{Municipal Rate} = \frac{\text{Tax Levy Requirement}}{\text{Assessed values}}$$

Factors impacting the tax levy requirements

Several factors influence how high, or low, a municipality's tax levy needs to be, including

1. **Service mix and levels** – more services or a higher level of service (e.g., transit, libraries, snow clearing), particularly services without direct user fee cost recovery, results in a higher levy.
2. **Capital projects** – new infrastructure or lifecycle replacement/maintenance (e.g., roads, bridges, facilities) drives the levy requirements for the Municipality.
3. **Inflation and cost pressures** – rising costs of materials and supplies, services and rents, personnel, and other expense categories impact the levy.
4. **Assessment growth** – new development increases the total assessed value which allows the same levy to be spread across more properties, reducing the tax rate.
5. **Reserves** – municipalities may use reserves to fund operating or capital requirements.
6. **Debt** – the use of debt impacts the tax levy through annual principal and interest payments.

Municipal area rates and special levies

- **General municipal property tax rate** (residential, commercial, resource): The rate applied to the taxable assessed value to fund core municipal services set by local municipal council annually via budget/by-law.
- **Area rates**: Additional rates for localized services e.g., street lighting, fire protection, recreation, transit as per the MGA, Part IV (general taxation powers).
- **Local improvement / “betterment” charges**: These are special charges on benefitting properties to recover capital costs for local improvements (commonly water, wastewater, stormwater, street/sidewalk works). Municipal Council sets the rate via a Local Improvement By-law defining improvements, cost allocations, term, enforcement, etc. based on MGA s.81 (express power to make by-laws imposing, fixing, and enforcing payment of charges for local improvement).
- **Water/sewer charges**: User fees or special charges for sewer services as per MGA, Part XIV (Sewers), **Council may impose sewer charges by by-law.**

Residential market and taxable assessments by district

The CAP has a comparable effect on total residential taxable assessments across the eight districts in MODG, resulting in taxable values (with CAP applied) averaging about 70% of market value. Properties in Canso follow this pattern, while Guysborough shows the smallest CAP impact, with taxable assessments (with CAP) at roughly 77% of market value. This suggests a higher rate of property turnover in Guysborough, which resets the CAP more frequently. A larger gap between capped and market values indicates lower market activity or fewer non-family sales, allowing long-term owners to benefit more from accumulated CAP savings.


	Total residential market value A	Total residential assessment (with cap) B	Difference (\$) A-B	Percentage of market value taxable based on CAP (%) B/A	Dwelling units C	Average residential taxable assessment (with CAP) B/C
District 1 <i>Guysborough</i>	\$ 90,398,400	\$ 69,813,000	\$ 20,585,400	77%	469	\$ 148,855
District 2	\$ 13,451,100	\$ 8,906,800	\$ 4,544,300	66%	152	\$ 58,598
District 3	\$ 107,780,900	\$ 75,015,500	\$ 32,765,400	70%	581	\$ 129,114
District 4	\$ 86,800,800	\$ 57,668,700	\$ 29,132,100	66%	634	\$ 90,960
District 5	\$ 46,886,600	\$ 29,609,000	\$ 17,277,600	63%	361	\$ 82,019
District 6	\$ 75,279,500	\$ 50,246,700	\$ 25,032,800	67%	585	\$ 85,892
District 7	\$ 65,479,500	\$ 45,524,300	\$ 19,955,200	70%	563	\$ 80,860
District 8 <i>Canso</i>	\$ 32,830,300	\$ 22,629,900	\$ 10,200,400	69%	389	\$ 58,175
All districts	\$ 515,907,100	\$ 359,413,900	\$ 156,493,200	70%	3,734	\$ 96,254

Source: Property Valuation Services Corporation. "Tax District Summary: Tax Years 2024-2025, Jurisdiction 30, Municipality of the District of Guysborough." Page 1-8. 6 Dec. 2024. PDF.



Conclusions (1/2)

The findings confirm that Canso’s taxation challenges are a result of low taxable assessments and mandated service levels, and not the tax rate structure.




1. Canso’s low assessments drive the tax issue, not the tax rate

Canso has the lowest average residential taxable assessment in MODG at \$58K per dwelling, less than half the MODG average and ~60% of the neighbouring districts.

Because tax rates apply to assessed value, Canso properties generate less tax revenue per home than elsewhere in MODG.

Impact: Even with a higher tax rate, Canso homeowners end up paying roughly the same actual tax bill as residents in Guysborough (~\$1,450/year) but from a smaller tax base. The issue is the *assessment gap*, not over-taxation.




2. The Additional Local Services tax rate (\$1.5145) is carrying costs other communities pay differently

The extra rate was established at amalgamation (2012) to fund 1.5 RCMP officers and sewer services for District 8.

Other MODG communities fund these services through user fees or the general base rate.

Impact: Canso’s tax structure is an older, unique arrangement built to smooth dissolution—not one aligned with current MODG practices or long-term financial sustainability.



3. Canso’s tax revenue contribution is consistent with the other Districts.

Canso contributes about \$0.82M annually, consistent with the other eight districts.

53% of that revenue comes from the Additional Local Services (ALS) rate.

Impact: The ALS portion of Canso’s tax levy is required to meet the cost of service delivery in Canso.

Conclusions (2/2)

The findings confirm that Canso’s taxation challenges are a result of low taxable assessments and mandated service levels, and not the tax rate structure.

4. MODG has funded Canso’s capital needs since amalgamation



Post-amalgamation capital investments in Canso include wastewater upgrades, reservoir improvements, sidewalks, streetlamps, waterfront development, arena and pool work, and the new fitness centre (~\$2.1M), all funded through MODG’s general tax levy.

Other Nova Scotian municipalities often use local improvement charges (LICs); MODG does not.

Impact: Canso has received capital works funded through MODG’s general levy.

5. The Capped Assessment Program (CAP) amplifies Canso’s low assessment challenge



CAP limits taxable assessment on residential properties; for Canso, taxable values average 69% of market.

Low turnover rates in Canso likely keep assessments suppressed, shifting tax burden onto high-turnover and new properties, primarily in District 1 (Guysborough).

Impact: Even as property values rise, Canso’s revenue growth remains muted, limiting its ability to fund its service levels.

6. Canso’s structure is unique among Nova Scotia municipalities



There have been significant problems with how the ALS has been implemented since amalgamation. For example, District 8 properties without sewer are paying the ALS.

Other dissolutions (e.g., Springhill) use harmonized base rates + area rates tied directly to service levels and debt obligations.

Impact: There is precedent for designing post-amalgamation tax models that more transparently match service levels and distribute costs. Canso’s model is outdated relative to Nova Scotia peers.

Recommendations

The Municipality of the District of Guysborough (MODG) engaged KPMG to conduct an independent review of the taxation model applied to the community of Canso. The assignment requested assessing taxation fairness, equity in service levels, financial stability, and alignment with leading taxation practices across the province and within MODG.

The analysis confirms that Canso’s taxation challenges do not stem from over-taxation, but from a misalignment between low assessed property values, mandated service levels, and the legacy tax structure established at amalgamation in 2012. This misalignment is the root cause of the taxation fairness concerns raised by Canso residents.

- Residential properties in Canso are assessed, on average, at approximately 60% of those in neighbouring districts.
- Since 2012, Canso’s Additional Local Services (ALS) tax rate has been used to fund 1.5 RCMP officers and the Canso sewer system. This approach is inconsistent with how other districts fund police and sewer services and has contributed to a confusing taxation structure and disparities perceived by Canso residents.

Our review also shows that Canso has been receiving comparable services to other MODG communities – such as recreation facilities, infrastructure upgrades, and higher policing service levels.

PVSC’s assessment methods are complex, leveraging boundary considerations, market-area valuation, the Capped Assessment Program, and other provincial mechanisms.

Addressing Canso’s taxation concerns requires adjustment to the underlying structure, not simply tax rate changes, to achieve greater fairness. The following three recommendations are suggested to harmonize Canso’s taxation approach to improve consistency with other MODG communities.

1

Petition the Nova Scotia Minister of Justice to review the policing model – specifically the use of dedicated versus shared policing resources – for District 8 of MODG, with the objective of incorporating the cost of the Canso detachment into the general tax base. We further recommend that the Minister evaluate whether an ongoing operational need exists for maintaining the detachment in Canso.

2

Transition Canso to an equivalent-unit sewer fee structure for recovering sewer costs in District 8, aligning it with the model used by the other three MODG sewer systems. This transition will require a study to determine the appropriate rate needed to recover the cost of sewer service delivery.

3

Request PVSC to review the assessment models used for MODG and provide residents with greater transparency regarding the assessment factors and methodology. This review should consider the broader market, beyond current district boundaries, and evaluate whether adjustments to assessment boundary lines or market input base are warranted.



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