



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

PROPERTY RATES POLICY 2026/27



FINAL 29 MAY 2026

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KANNALAND MUNICIPALITY

PROPERTY RATES POLICY (2026/27 MTREF)

1. EXECUTIVE SUMMARY

This Property Rates Policy is adopted in terms of Section 3 of the Local Government: Municipal Property Rates Act (Act 6 of 2004) and is aligned to the Municipality's Financial Recovery Plan (FRP), Integrated Development Plan (IDP), and 2026/27 Medium Term Revenue and Expenditure Framework (MTREF).

The purpose of this policy is to: - Ensure a sustainable and equitable property rating system; - Enhance revenue generation and collection efficiency; - Promote economic development and investment; - Protect vulnerable households through targeted relief measures.

2. LEGISLATIVE FRAMEWORK

This policy is guided by: - Constitution of the Republic of South Africa (Section 229); - Municipal Property Rates Act, 2004 (Act 6 of 2004); - Municipal Finance Management Act, 2003 (Act 56 of 2003); - Municipal Systems Act, 2000 (Act 32 of 2000); - Applicable National Treasury Circulars.

3. DEFINITIONS

The definitions below are paraphrased from those in the Act to be better understood by the local community:

“Accommodation Establishment” in relation to a property means the supply of overnight facilities to guests and tourists;

"Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004);

“Agent”, in relation to the owner of a property, means a person appointed by the owner of the property-

a) to receive rental or other payments in respect of the property on behalf of the owner; or

b) to make payments in respect of the property on behalf of the owner;

“Agricultural property” means property that is used primarily for agricultural purposes and excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of the property for the purpose of eco-tourism or for the trading in or hunting of game;

“Annually” means once every financial year;

“Bona fide farmers” means genuine or real farmers whose dominant income is generated from farming;

“Business”, in relation to property, means the use of property for the activity of buying, selling or trading in commodities or services on or from a property and includes any office or other accommodation on the property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other activity consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock and the like;

“Category” –

a) in relation to property, means a category of property determined in terms of section 8 of the Act; and

b) in relation to owners of property, means a category of owners determined in terms of section 15(2) of the Act;

“Conservation area / nature reserve” - a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003

a) a nature reserve - established in terms of the Nature and Environmental Conservation Ordinance, no 19 of 1974; or

b) any land which is zoned as open space zone II or III in terms of the Municipality’s zoning scheme regulations, provided that such protected areas, nature reserves or land, with the exception of tourism facilities that may have been erected thereon, are exclusively utilised for the preservation of fauna and flora and the products of such land are not being traded for commercial gain.

“Date of valuation” means the date determined by a municipality in terms of section 31(1) of the Act

“Day” means when any number of days are prescribed for the performance of any act, those days must be reckoned by excluding the first and including the last day, unless the last day falls on a Saturday, Sunday or any public holiday, in which case the number of days must be reckoned by excluding the first day and also any such Saturday, Sunday or public holiday;

“Effective date”-

a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32(1) of the Act; or

b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78(2)(b) of the Act;

“Exclusion”, in relation to the municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;

“Exemption”, in relation to the payment of a rate, means an exemption granted in terms of section 15 of the Act;

“Financial year” means the period starting from 1 July in a year to 30 June of the next year and **“year”** shall have a corresponding meaning;

“Illegal use”, means the use of a property in a manner that is inconsistent with or in contravention of the permitted use of the property;

“Improvement”, means any building or structure on or under a property, but excluding 7 | anything that may not be considered in determining the market value of a property;

“Income Tax Act”, means the Income Tax Act, 1958 (Act No 58 of 1962);

“Indigent person”, means a person described as such in the municipality’s Indigent Policy;

“Industrial”, in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the property, the use of which is incidental the use of such factory;

“Land reform beneficiary”, relation to a property, means a person who-

a) acquired the property through-

(i) the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993); or

(ii) the Restitution of Land Rights Act, 1994 (Act No 22 of 1994);

b) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or

c) holds the property subject to the Communal Property Associations Act (Act No 28 of 1996); or

d) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution be enacted after this Act has taken effect;

“Land tenure right”, means a land tenure right as defined in section 1 of the Upgrading of Land Tenure Rights Act, 1991 (Act No. 112 of 1991);

“Local community”, in relation to a municipality—

a) means that body of persons comprising—

i the residents of the municipality;

ii the ratepayers of the municipality;

iii any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and

iv visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

“Local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155 (1) of the Constitution as a category B municipality;

“Market value”, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

“Mining property” means a property used for mining operations.;

“Multiple purposes”, in relation to a property, means the use of a property for more than one purpose;

“Municipal council” or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

“Municipality” means when referred thereto as -

a) an entity, Kannaland Municipality as a municipality described in Section 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of Kannaland Municipality; and

b) a geographical area, the area of jurisdiction of Kannaland Municipality as determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998), and **Kannaland Municipality** shall have a corresponding meaning;

“Municipal manager” means the person appointed as such in terms of section 82 of the Municipal Structures Act in respect of Kannaland Municipality;

“Municipal Finance Management Act”, means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

“Municipal properties” means properties -

a) registered in the name of the municipality in a deeds registry;

b) publicly controlled by the municipality; or

c) registered in the name of the municipality at any time at the election of the Municipality due to an entitlement thereto, but excluding property held or controlled by the Municipality in a fiduciary or similar capacity, transferable to a third party at the election of such third party;

"Municipal Structures Act", means the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998);

"Municipal Systems Act", means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);

"Municipal valuer" or **"valuer of the municipality"**, means a person designated as a municipal valuer in terms of section 33(1) of the Act;

"Newly rateable property" means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which the Act took effect, excluding a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date and any other property identified as such in terms of the Act;

"Occupier", in relation to a property, means a person in actual occupation of a property whether or not that person has a right to occupy the property;

"Office bearer", in relation to places of public worship, means the primary person who officiates at services at that place of worship;

"Official residence" in relation to places of public worship, means a single residential property registered in the office of the Registrar of Deeds in the name of a religious community or registered in the office of the Registrar of Deeds in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

"Owner" -

a) in relation to property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;

b) in relation to a right referred to in paragraph (b) of the definition of "property" means a person in whose name the right is registered; or

c) in relation to a time-sharing interest contemplated in the Property Time sharing Control Act, 1983 (Act No. 75 of 1983), means the management association contemplated in the regulations made in terms of section 12 of the Property Time-sharing Control Act, 1983, and published in Government Notice R327 of 24 February 1984;

d) in relating to a share in a share block company, the share block company as defined in the Share Block Control Act, 1980 (Act No. 59 of 1980);

e) in relation to buildings, other immovable structures and infrastructure referred to section 17(1)(f), means the holder of the mining right or the mining permit.

f) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

g) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled" in terms of the Act, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:

- i a trustee, in the case of a property in a trust excluding state trust land;
- ii an executor or administrator, in the case of a property in a deceased estate;
- iii a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- iv a judicial manager, in the case of a property in the estate of a person under judicial management;
- v a curator, in the case of a property in the estate of a person under curatorship;
- vi an usufructuary or other person in whose name a usufruct or other personal servitude is registered in the case of a property that is subject to a usufruct or other personal servitude;
- vii a lessee, in the case of a property that is registered in the name of a municipality and is leased by it;
- viii a lessee, in the case of property to which a land tenure right applies and which is leased by the holder of such right; or
- ix a buyer, in the case of a property that was sold and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“Permitted use”, in relation to a property, means the limited purposes for which the property may be used in terms of –

a) any restrictions imposed by –

(i) a condition of title;

(ii) a provision of a town planning or land use scheme; or

(iii) any legislation applicable to any specific property or properties; or

b) any alleviation of any such restrictions;

“Person”, includes an organ of state;

“Place of public worship” means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium: Provided that the property is-

a) registered in the name of the religious community;

- b) registered in the name of a trust established for the sole benefit of a religious community; or
- c) subject to a land tenure right;

“Prescribe”, means prescribe by regulation in terms of section 83 of the Act;

“Private open space” means any land which is in private ownership used primarily as a private site for play, rest or recreation without financial gain;

“Property” means—

- a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;

“Property register” means a register of properties referred to in section 23 of the Act;

“Protected area” means an area that is or has to be listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003);

"Public Benefit Organisation property" As defined in the Regulations on the rate ratio between the residential and non-residential categories of property;

“Public open space” means land owned by the municipality, which is not leased on a long-term basis, and which is set aside for the public as open area;

"Public Service Infrastructure" means publicly controlled infrastructure of the following kinds:

- a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- e) railway lines forming part of a national railway system;
- f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

g) runways or aprons at national or provincial airports;

h) breakwaters, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

i) any other publicly controlled infrastructure as may be prescribed; or

j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i); provided that (a), (b), (e), (g) and (h) may not be rated;

“Public service purposes”, means a property owned and used by an organ of state as hospitals or clinics, schools, pre-schools, early childhood development centres or further education and training colleges, national and provincial libraries and archives, police stations, correctional facilities; courts of law; but excludes property contemplated in the definition of “public service infrastructure”;

“Rate” means a municipal rate on property envisaged in section 229(1)(a) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996);

“Ratepayer” means a person who is liable, in terms of the Act, for the payment of rates on property levied by the municipality;

“Rateable property” means property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

“Ratio”, in relation to section 19, means the relationship between the cent amount in the Rand applicable to residential properties and non-residential properties: Provided that the two relevant cent amounts in the Rand are inclusive of any relief measures that amount to rebates of a general application to all properties within a property category;

“The rates policy” means Council's rates policy in terms of section 3 of the Act;

“Rebate”, in relation to a rate payable on a property, means a discount on the amount of the rate payable on the property;

“Reduction”, in relation to a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of the property at that lower amount;

“Registered nature reserve”, - a protected area listed in terms of section 10 of the Protected Areas Act, No 52 of 2003.

“Residential”, in relation to property, means a property having a suite of rooms which forms a living unit that is exclusively used for human habitation purposes or a multiple number of such units, but does not include a hotel, commune, accommodation establishment, guesthouse, boarding or lodging undertaking, hostel or suchlike properties;

“Residential property” means a property included in a valuation roll in terms of section 48(2)(b) of the Act in respect of which the primary use or permitted use is for residential purposes without derogating from section 9

“Sectional Titles Act”, means the Sectional Titles Act, 1986 (Act No 95 of 1986);

“Sectional title scheme”, means a scheme defined in section 1 of the Sectional Titles Act;

“Sectional title unit”, means a unit defined in section 1 of the Sectional Titles Act;

"Specified public benefit activity" means an activity listed in item 1 (welfare and humanitarian), item 2 (health care), item 4 (education and development), item 6 (cultural), item 7 (conservation, environment and animal welfare), item 9 (sport) of Part I of the Ninth Schedule to the Income Tax Act;

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act;

“Sewerage services” includes water-borne-, conservancy tank removal.

“The Act” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

“Unimproved property” means property on which no immovable improvements have been erected: Provided that improvements for the supply of water, electricity, sewer and suchlike services to the property and negligible improvements shall be disregarded for purposes of determining whether or not property is unimproved;

“Urban conservation area” means an area defined in the relevant Zoning Scheme Regulations as a “Conservation Area”, the aim of which is to retain the unique character or the aesthetical sensitive arrears of the Kannaland Municipality by the control of building design and building lines in the case of new buildings or even not built upon and also in the case of existing buildings to be replaced, altered or extended.

1) Words and expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy.

2) In this policy, a word or expression derived from a word or expression defined in subsection (1) shall have a corresponding meaning unless the context indicates that another meaning is intended.

“Vacant land”, means any property without buildings or structures, irrespective of its Zoning or intended usage, but excluding any land zoned as “agricultural” on which Bona fide farming is being conducted

4. POLICY OBJECTIVES

The objectives of this policy are to: - Ensure fairness, equity and transparency in the levying of rates; - Broaden the revenue base of the municipality; - Improve collection rates and

financial sustainability; - Promote development and discourage land speculation; - Align rating practices with economic development priorities.

5. PRINCIPLES

The following principles underpin this policy: - Equity and fairness; - Affordability and protection of the poor; - Financial sustainability; - Economic development; - Administrative simplicity and transparency.

6. CATEGORIES OF PROPERTY

The Municipality adopts the following refined categories:

6.1 Residential

- Indigent residential properties
- Standard residential properties
- High-value residential properties

6.2 Business & Commercial

- Small business / SMME
- General commercial
- Tourism & hospitality establishments

6.3 Industrial

6.4 Agricultural

(Subject to verification of bona fide farming activities)

6.5 Public Service Properties

6.6 Public Benefit Organisations

6.7 Vacant Land

- Residential vacant land
- Commercial vacant land
- Long-term vacant land (penalty category)

6.8 Multiple Use Properties

7. DIFFERENTIAL RATING & TARIFF MODEL

The residential rate shall be the base tariff (1:1).

7.1 Proposed Ratios

Category	Ratio
Residential (Base)	1:1
Small Business	1:1.8
General Commercial	1:2.5
Tourism & Hospitality	1:2.2
Industrial	1:2.5
Agricultural	1:0.15
Public Service Infrastructure	1:0.25
Public Benefit Organisations	1:0.2
Vacant Land (Residential)	1:1.5
Vacant Land (Commercial)	1:3
Long-term Vacant Land	1:3.5

7.2 Vacant Land Incentive Mechanism

Properties remaining undeveloped for more than 24 months will attract higher rates to discourage speculation.

8. REBATES, EXEMPTIONS & REDUCTIONS

8.1 Indigent Support (Sliding Scale)

Monthly Income	Rebate
R0 – R3,500	100%
R3,501 – R6,000	75%
R6,001 – R9,000	50%
R9,001 – R12,000	25%

8.2 Pensioners

- Up to 50% rebate based on income verification.

8.3 Economic Development Incentives

Rebates may be granted for: - New business developments (up to 3 years); - Industrial investments; - Tourism development projects; - Urban regeneration initiatives.

8.4 Agricultural Rebates

Subject to: - Proof of farming income; - Annual compliance verification.

9. REVENUE OPTIMISATION & COMPLIANCE

The Municipality will: - Strengthen valuation accuracy; - Address illegal land use; - Integrate property rates with credit control; - Implement data cleansing programmes; - Improve billing and collection systems.

10. IMPACT ASSESSMENT

The Municipality shall annually assess: - Revenue impact of tariff changes; - Affordability impact on households; - Economic impact on the business sector.

11. IMPLEMENTATION

This policy takes effect from 01 July 2026 and will be reviewed annually.