

# **A New Return on Investment Methodology: A Case Example from the Cape Town Valuation Office**

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**Key words:** Capacity building; Cost management; Implementation of plans; Low cost technology; Property taxes; Valuation; return on investment; planning

## **SUMMARY**

In this paper and presentation a new return on investment (ROI) methodology will be presented by Thomson Reuters. This methodology was developed and conducted by KPMG, a leading international consulting firm, to examine the societal, municipal and implementer benefits received by the city of Cape Town in investing in a new, modern land and property information system – in this case specifically an assessment system for the City’s Valuation Office. Thomson Reuters commissioned the development of the methodology and this analysis. The City of Cape Town Valuation Office was selected for this study from among more than 1,000 Thomson Reuters government customers worldwide based on its demonstrable improvement of services for the community. The City has used Thomson Reuters Aumentum software to streamline its property valuation process while introducing breakthrough innovations in appraisal and objection processes that have dramatically improved the office’s efficiency. Chief among the agency’s achievements was the re-engineering of its Objection (Protest) Process, which improved turnaround time from five months before a protest could even be looked at to same-day resolution. In addition, from 2000 to 2009 the city added 236,000 properties to its tax rolls – a 42 percent increase — while decreasing the number of tax appeals. The City of Cape Town built a very professional team and system so as to operate at the highest level. The city has been committed to service delivery and finding new ways to improve services through innovation and greater efficiencies. To further measure the success of this customer, Thomson Reuters commissioned this ROI study conducted by KPMG. The express purpose was to demonstrate the multifaceted benefits from such modernization projects. The ROI methodology identifies the impact that the Cape Town implementation has had at a jurisdictional, agency and societal level. The methodology looks at three key areas of impact: 1. Jurisdictional government level: revenue impact, level of investment, GDP and GNI impact. 2. Agency level: efficiency, fees, valuation and the value chain impact. 3. Societal: the impact on gender, minority groups and selected sectors. This methodology examines each of these areas to help identify the broader benefits that Cape Town, South Africa and its citizens have received as a result of this implementation. Importantly, the methodology may be applied by other governments when evaluating whether or not to make an investment in improving their land and property information systems. This methodology is not limited to an assessment or valuation information system modernization project; it may also be applied to examine land registry, cadastre, or even property tax projects. To this extent, the research methodology will add to, and hopefully enhance a large body of international knowledge and practice. Ultimately, this methodology is expected to articulate on and better measure the results from land and property information modernization projects. How this becomes a useful tool is that it may better inform the upfront design of projects

so as to better anticipate and prepare for the downstream results for the people, communities and government for whom the programs are expected to benefit.