

## **Building investor confidence in waterway management**

Martijn Gough<sup>1</sup>, Chris Arnott<sup>1</sup>, Paul Reich<sup>2</sup>, Les Tate<sup>2</sup>, Adam Bester<sup>3</sup>

1. Aither, level 3, 330 Little Collins Street Melbourne, VIC 3000. [martijn.gough@aither.com.au](mailto:martijn.gough@aither.com.au)

2. DELWP, Level 11, 8 Nicholson St, East Melbourne, VIC 3002. [paul.reich@delwp.vic.gov.au](mailto:paul.reich@delwp.vic.gov.au)

3. Glenelg Hopkins CMA, 79 French Street, Hamilton VIC 3300. [a.bester@ghcma.vic.gov.au](mailto:a.bester@ghcma.vic.gov.au)

### **Key Points**

- There is always a range of competing demands on government funds that outstrips the total amount available. Waterway managers need to demonstrate a return on their investment, across the full spectrum of benefits within a triple bottom line framework.
- Aither has been working with the Victorian Department of Environment, Land, Water and Planning (DELWP) to establish a simple and standard framework that addresses the key needs of investors and builds investor confidence in waterway management.
- This approach aims to; capture all the benefits that are created as a result of waterway investments; ensure, wherever possible, that these benefits outweigh the costs of investment; identify the benefits that will be achieved in the short to medium term so that quantifiable progress can be reported back to investors and other stakeholders.

### **Keywords**

Waterway investment, investor confidence, triple bottom line, return on investment, cost-benefit analysis, monitoring and reporting

### **Introduction**

There is always a range of competing demands on government funds that outstrips the total amount available. Therefore, government needs to be convinced that one use of funds is superior to others when allocating scarce resources. Government, as investors on behalf of society, want a level of certainty that their investment is going to provide a sufficient return – that is, the beneficial outcomes are greater than the funds invested.

Waterway management typically tends to be focused on achieving long-term goals that relate to environmental and ecological improvement - outcomes that are often difficult to observe through scientific monitoring and as well as the challenge of slow system response to interventions. A key challenge for waterway managers is to demonstrate a return on their investment, not just for long-term environmental outcomes, but across economic and social outcomes that make up the full spectrum of benefits within a triple bottom line framework.

Identifying, monitoring and reporting upon this full spectrum of benefits at short time intervals is key to securing contested government funds and building investor confidence over time. If benefits are not demonstrated in this way it is likely that funding flowing to waterway management will diminish over time.

Building on the Rivers 2040 approach<sup>1</sup>, Aither has been working with the Victorian Department of Environment, Land, Water and Planning (DELWP) to establish a simple and standard framework that addresses the key needs of investors and builds investor confidence in waterway management.

### **A framework for building investor confidence**

To gain some level of investment certainty, investors want to see a few things:

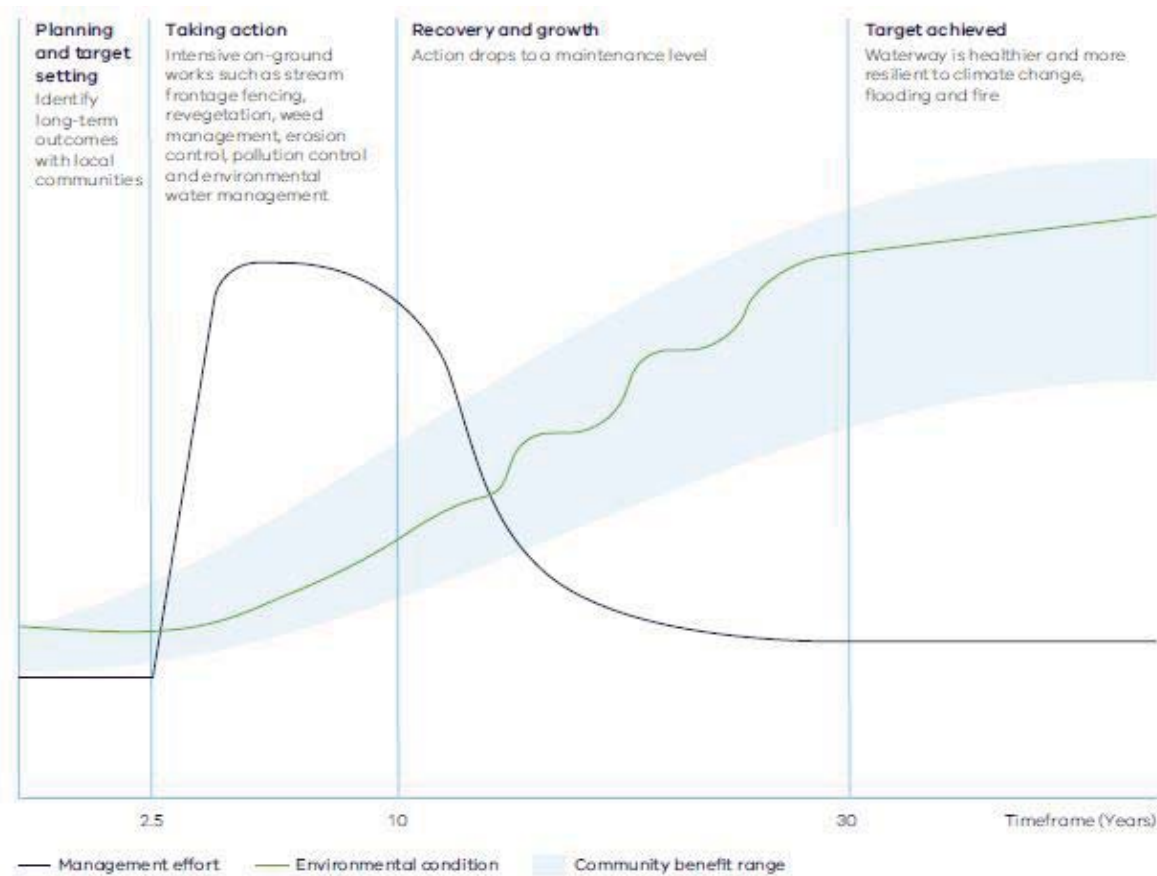
- Triple bottom line outcomes
- A clear, logical causal link between actions and outcomes, that support a clear set of objectives
- Some evidence of benefits accrued over the short-term, particularly if further investment is required
- For longer-term outcomes, some indication and evidence that the path between the current state and the goal is being tracked, to provide confidence that outcomes are likely to be achieved
- The outcomes being achieved (both short and long term) are providing value for money.

Having in place a well-structured program logic that supports the investment is critical to being able to demonstrate the importance of proposed waterway management actions. To demonstrate value for money and that a return is being (or is expected to be) realised, it is also important that the expected outcomes of the investment are measurable in some way. This is key to building investor confidence.

The approach developed by Aither and the DELWP team builds on the approach outlined in the “*Water for Victoria – discussion paper*” and DELWP’s Rivers 2040 framework (see figure below). The building investor confidence approach seeks to reveal, articulate, and where possible quantify, the economic, social and environmental benefits that are being produced at different points in the waterway remediation and management life-cycle.

---

<sup>1</sup> DELWP’s Rivers 2040 framework is a new approach to setting, reporting and achieving river restoration targets. The framework was developed in response to an increasing need to describe and justify to governments and community, the sequence of tasks and the cost of successful river restoration work. It also addresses the additional demands to communicate a realistic timeframe for the works and subsequent recovery phase and provide a monitoring and reporting process that delivers an unambiguous indicator of progress.



Source: *Water for Victoria – discussion paper, DELWP, 2016*

**Figure 1. Four phases of waterway health programs**

Aither has developed a seven step framework that waterway managers can use to address the key needs of investors outlined in the dot-points above.

1. Identify key environmental, social and economic values for waterways and establish overarching objectives
2. Set specific objectives and target outcomes for each key value identified
3. Develop future management approach and identify actions that will achieve target outcomes
4. Identify/develop methodologies for assessing value of outcomes
5. Assess costs and benefits of actions and develop investment case
6. Invest and implement
7. Monitoring, evaluation and reporting

## **8ASM Short Communication/Technical Note**

*Gough et.al. – Building investor confidence in waterway management*

It is important to note that most of the steps within the framework will not be new to many waterway managers. However, the key to this approach is reducing the complexity of analysis required for investment evaluations and business cases by breaking the approach down based on common-sense principles: having clear objectives in place based on broad community preferences, understanding the path to achieving them, and measuring the right things to demonstrate progress.

Critically, the approach seeks to:

- Capture all the benefits that are created as a result of waterway investments
- Ensure, wherever possible, that these benefits outweigh the costs of investment
- Identify the benefits that will be achieved in the short to medium term so that quantifiable progress can be reported back to investors and other stakeholders

### **Next steps**

Aither is currently working in partnership with DELWP and CMA staff to build upon the existing Rivers2040 approach, developing a draft framework that can be applied across all waterways that will have a range of different priorities and values, as well as restoration objectives.

Aither are also working in partnership with DELWP and CMAs to test the framework on some trial case study sites in Victoria on specific waterways. These case studies will further inform the development of the framework and more importantly assist waterway managers to improve their ability to demonstrate the value of the work they undertake to investors.

### **Acknowledgments**

Victorian Department of Environment, Land, Water and Planning