

Are you spending the money wisely? New decision support tools that demonstrate value to environmental investors

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Abstract: Convincing an investor that you're going to spend their money wisely, particularly under current global financial conditions, isn't easy. Nowhere is this more true than in environmental and natural resource investments which are characterised by uncertainty, multiple objectives and multiple stakeholders. Since 1990 Australian Governments have committed \$A6.51 billion to several large standalone environmental programs. Much additional expenditure is occurring under other policy instruments and through industry expenditure on environmental remediation and corporate social responsibility. Auditors and Treasury have often struggled to understand how funds were targeted and what returns were delivered. This is partly because the science and economics of environmental decision support is struggling to keep pace with the rapid growth in expenditure. However, exciting research is emerging in the fields of risk analysis, valuation, operations research, decision analysis and psychology about how investors can make better choices. In this presentation I will present models that have been, and are being, applied by CSIRO to inform Queensland's Nature Assist Program, the Great Barrier Reef Rescue Package, the Natural Heritage Trust, and the Swan River Trust's Drainage Nutrient Intervention Program. I will also explore the evolving policy environment and the needs of decision makers as we enter a new, and challenging, international era of global finance. It is concluded that researchers have an important and valuable role to play in supplying the new 'environmental investors' with analytically robust and transparent decision tools that demonstrate wise choices. The existence of sound decision making techniques will help convince investors that the environment is a good place to spend money.

Keywords: *Decision Support System (DSS), environmental investment*

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