

# Regional analysis framework for water



## What we were asked to do

We were asked by the New Zealand Ministry for the Environment to prepare guidance to assist councils with scoping, preparing and presenting their analysis for setting quantity and quality limits and freshwater management objectives under the Resource Management Act (RMA).

The framework was intended to supplement existing advice on the preparation of cost benefit analysis and regulatory impact analysis with practical information. Further, the guidance was intended to break down the analytical tasks into more manageable components, and direct Councils towards sources of useful information they could draw from. The guidance framework was not intended to be an official format for analysis, but rather a collation and synthesis of helpful material that would make the task of analysis easier for Councils.

## How we approached the project

The process of setting environmental limits and objectives, which puts boundaries around private resource use, requires consideration of trade-offs. Economic analysis can support decisions around trade-offs using tools like cost benefit analysis and multi-criteria analysis. The guidance that we prepared incorporated these tools, as well as lessons from the environmental economics literature about how to categorise and measure environmental and social values in relation to water.

Recognising the increased policy emphasis on collaborative processes, we also emphasised ways that councils could incorporate preferences of their communities and values into their analysis, particularly where consideration of particular values were compulsory or legislated.

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## The framework

The framework included guidance and useful material on:

- Legislation and policy context for freshwater analysis
- Guidance on understanding values attached to freshwater (i.e., what is it we are trying to measure and trade-off?)
- A step-by-step guide to the water planning process in New Zealand
- Guidance on categorising types of analysis
- Guidance on tools and models for:
  - Evaluating trade-offs
  - Farm and firm level analysis
  - Catchment level economic modelling
  - Analysing non-market values
  - Regional and national level analysis
  - Evaluating biophysical impacts or outcomes in relation to freshwater.