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**THE MANAWATU RIVER  
WATER QUALITY IMPROVEMENT PROJECT:  
AN ECONOMIC POLICY STUDY**

A thesis submitted in partial fulfilment of  
the requirements for the degree of  
Masters of Agricultural Sciences in  
Resource and Environmental Economics  
at Massey University

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1995

## ABSTRACT

Rivers are open access, environmental amenities from which the public derives a wide range of economic benefits. Because rivers are public amenity resources, with public good characteristics, they are often managed by governments. Policies that govern such public amenities should aim at allocating the resources to achieve their highest valued use. To achieve this aim resource managers need to consider the total costs and benefits that society might incur or gain as a result of implementing the policies. Some costs and benefits that society incur as a result of policies are not observed explicitly in the market place. These costs and benefits are often overlooked in policy formulation.

The management of the Manawatu River is a responsibility of the Manawatu-Wanganui Regional Council. It is hoped that if the public complies with council policies affecting the river, society's needs may be met. However, if these policies are implemented without considering society's preferences, implicit costs are likely to be imposed on society. Involvement of the public in the decision making process is one way of ensuring that society's preferences are considered, and upholds decision makers accountability and transparency in resource allocation.

This study aimed at measuring the nonmarket benefits in dollars that the public places on improved water quality in the Manawatu River using the contingent valuation method. A total of 1500 households in the Manawatu River catchment area were sent a mail questionnaire to elicit their willingness-to-pay for water improvement in the river. A return rate of 25% was obtained.

The results show that 69% of the households visit the river during the summer spending their time participating in non-rigorous activities. Lack of interest in river related activities may be one of the most important factors that hinders households' visitation to the river, rather than pollution. The lack of interest may be due to a poor general river environment. The majority of households are unlikely to alter their visitation habits to the river even if water quality was improved. Nevertheless they place a collective value ranging from \$2,002,652 - \$4,084,747 per year on improved water quality in the Lower Manawatu River.

## ACKNOWLEDGEMENTS

To my God and Lord I dedicate all that I have achieved in my studies.

May I acknowledge the following people for their input to my thesis:

Prof. A.D. Meister and Dr. R.R. Alexander for their supervision; Prof. B. Townsley for his positive critique of the methodology and results and Dr. J. Holland for his interest in my study; Mrs. K.J. Fisher and D.B. Braden for their help in the office.

Dr. E.A. Drawneek of Computer Centre for his help in data analysis.

Ms. S.K. Forsyth of Manawatu-Wanganui Regional Council and Mr. J. Anderson of Palmerston North City Council for their helpful information about the Manawatu River.

Anderina, Dong, Tony Wharton, and Endang my fellow students for their comfort in times of tough work; fellow Kenyan students at Massey for their support, especially Mr. K.A. Senelwa for his constructive criticism of the final work; Sze Chia Saw and other friends for being always near when I needed help.

Palmerston North SDA Church family for their prayers and support, care, concern and friendship at all times.

Brothers and sisters for their moral support; Mum and dad - imbuya mono ase ogokinia na kong'ira esukuru.

My beloved students in Chebwai SDA school for their encouraging letters.

The Ministry of Foreign Affairs and Trade for its sponsorship.

Thank you all for being patient and caring.

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