

MAI TE PUKU O TE IKA A MAUI KI TE HIKU O TE IKA A MAUI UPPER NORTH ISLAND

AT A GLANCE

Four regions make up the upper North Island (UNI) area: Northland, Auckland, Waikato and Bay of Plenty. This area is vital to New Zealand's social and economic success, home to over half of New Zealand's population,²⁵ and generating more than 50% of the national GDP.²⁶ Pre-COVID-19, the main urban centres in the UNI all experienced strong population growth.

COVID-19 OVERVIEW

The initial effects of COVID-19 are already being felt across the UNI with an immediate decline in international tourists, international students and migrants.

While it is possible to anticipate the potential short-term (1-2 years) impacts of COVID-19 the medium and long-term impacts (3-10 years) are less clear. The effects of COVID-19 over the medium to long-term will be determined by several factors including: the duration of border restrictions, decisions and timing of a 'trans-Tasman bubble', the depth and duration of a global economic impacts, and the speed and scale of international tourism once it returns. Australia's economic performance also affects New Zealand's recovery because of the impact of migration flows and population growth between the two countries.

The impacts of the COVID-19 downturn on the UNI is forecast to be on a par with the South Island (SI), albeit for different reasons, and more significant than the lower North Island

(LNI). This is because regional economies across the upper north have been driven in recent years by the rapid pace of inward migration, primarily in Auckland also spilling over into neighbouring regions.

All regions in the UNI will be negatively impacted by the slowdown in migration caused by increased border restriction, particularly in Whangārei and the Western Bay of Plenty where 'overspill' population from Auckland has been a major source of urban growth.

Growth in Auckland and Hamilton will also tail off, although Hamilton is forecast to be less affected because of its relatively stable public sector, strong links to surrounding agriculture and good transport links to the rest of the country.

While there is likely to be a decline in the contribution of inward migration and international tourism to the economy over the medium to long-term, this will not necessarily result in significant structural change to the economy.



Pre-COVID-19 data

POPULATION

Auckland is New Zealand's largest urban area and home to about 1.6 million people, one third of the national population.²⁵ It dominates New Zealand economically and in terms of recent population growth. Pre-COVID, the UNI's total population grew by 13% on average over the last five years.²⁵

With growth pressure and house prices in Auckland increasing sharply, economic activity and population has increasingly extended beyond Auckland into the northern Waikato, Western Bay of Plenty and rural areas north of Auckland. The Hamilton-Auckland Corridor plan is a model for how to support this growth through integrated land-use and transport planning. The plan contributes to the delivery of sustainable growth across the UNI, where existing and new communities are supported by high quality rail infrastructure and services to move more people by public transport and make best use of existing road links.

By 2043, Auckland was projected to grow by 37%²⁷ creating knock-on effects for Hamilton, Tauranga and Northland. Growth in other urban centres was forecast to be steady while in many rural areas, population was expected to remain static or decline. Border closures will significantly reduce the inflow of migrants, overseas students and international tourists into Auckland. In the short to medium-term this is expected to slow population growth, reduce pressure on housing and infrastructure in Auckland and slow 'overspill' of people and businesses across the UNI. Whether inward migration returns to pre-COVID-19 levels over the medium to long-term depends on the duration of border restrictions, and also New Zealand's economic performance relative to other countries.

ECONOMY

In all the main urban centres, economies are driven by service and construction sectors, with pockets of specialist manufacturing. Outside of the urban centres, production and processing is tied to primary sectors, with dairy prominent in Northland and Waikato, forestry in Bay of Plenty and Northland, and horticulture in the Bay of Plenty and Northland. The slowing of population growth is forecast to have flow-on effects for construction, retail, accommodation and other service industries, while the tourism sector will be significantly impacted by the reduction in international visitors. Primary production and related processing are forecast to remain relatively stable during the recovery period.

Following the COVID-19 lockdown, employment across the UNI is forecast to reduce significantly, only returning to pre-COVID-19 (2020) levels in the medium-term. However, employment growth is expected to remain below BAU projections in the long-term. The scale of downturn and speed of recovery will vary across the UNI.

In Northland and rural areas of the Bay of Plenty and Waikato, employment is expected to recover close to BAU by 2025 because of the scale of primary sector activities.

Auckland is hit hard because of its role as the country's primary international gateway, reliance on tourism and international students and high volumes of migrant labour, all of which are expected to drop sharply at least in the short to medium-term.

The resulting cooling of the Auckland housing market and slowdown in business relocations (particularly into the northern Waikato) is expected to significantly slow growth in the Waipā and Waikato districts. Neither district is forecast to return to BAU employment levels over the coming decade.

Tauranga is also expected to be disproportionately impacted because of its reliance on the construction and retail sectors, both of which will struggle through the forecast slowing in population growth. Tauranga is forecast to experience a drop in employment (compared to BAU projections) of around 8% by 2021. While total employment is forecast to return to pre-COVID-19 (2020) levels by the middle of the 2020s, the city is not forecast to return to BAU levels of employment within the next decade.

Hamilton is expected to remain relatively stable supported by strong links to the surrounding agricultural sector, the city's role as a hub for education, healthcare and other government services, as well as being strategically located with good transport links across the 'Golden Triangle' and south to the LNI and on to the SI.

Tourism has been a key contributor to the UNI economy, with over 70% of New Zealand's international visitors arriving at Auckland Airport.²⁹ Prior to COVID-19 visitor numbers were forecast to grow significantly, but international visitor numbers are now expected to decline sharply across New Zealand (at least over the short to medium-term) because of increased border restrictions. For visitor destinations popular with domestic tourism, this decline may be offset in part by increasing numbers of New Zealander's holidaying at home (at least in the short-term).

While the impacts of COVID-19 on the UNI economy are forecast to be significant, it is not anticipated that there will be significant structural change in the make-up of the economy. In time, previous trends of growth in commercial, service and construction sectors are expected to resume in the main urban centres, particularly Auckland.

LAND TRANSPORT SYSTEM

The land transport system in the UNI is centred on Auckland, Hamilton and Tauranga, linked by a number of nationally and regionally significant connections. The country's highest travel demands are found in and around these cities.

The UNI is currently well-served by the three-port freight system of Northport, Auckland and Tauranga, supported by a network of inland ports.

Over half of New Zealand's freight movements are within and between the UNI region with freight previously expected to double by 2035.³⁰ Reliable, strategic connections across the UNI to connect products to marketplaces are key to New Zealand's economic success. The East Coast Main Trunk rail line between Auckland and Tauranga carries over a third of New Zealand's rail traffic⁷ and is the most densely utilised sector of the national network, solely operating freight services.

In addition to the inter-regional corridors, the rural road network also plays an important role in the efficient movement of freight from production to processing sites and domestic distribution centres or international ports. This is particularly true for the first and last kilometre of journeys.

The government review of the UNI logistics and freight is to ensure New Zealand's supply chain is also fit for purpose in the longer-term. The review will guide the development and delivery of a freight and logistics strategy for the UNI. The work includes a feasibility study to re-locate the Ports of Auckland. The work will include priorities for investment in rail, roads and other supporting infrastructure, with the goal of creating a robust supply chain that delivers to New Zealand's interest over the next 30 years.

Hamilton is emerging as a major distribution and logistics centre, with access to both road and rail networks, and strategically located to service Auckland, the Port of Tauranga and markets to the south. The road and rail freight routes between Tauranga and Auckland (via Hamilton) form the country's most important freight corridor. SH1 between Marsden Point and Auckland provides a critical freight link, enabling overnight services from Northport.

Constraints on road and rail networks result where they intersect with local traffic and in large urban areas, particularly Auckland. This affects journey time reliability and operating costs.

In Northland, increased freight demand is also causing congestion and some damage to roads from heavy vehicles.

While COVID-19 and the resulting economic slowdown is forecast to soften transport demand in the short to medium-term, longer-term growth in transport demand is expected to be strongest within the main urban centres and on the key inter-regional journeys that link them. This reflects the forecast population and economic growth in these areas.

The COVID-19 slowdown is expected to have a greater impact on travel demand within the main urban centres. Fewer work trips and a reduction in discretionary trips because of pressure on household budgets, combined with significantly fewer international visitors and migrants, is expected to result in reduce trip numbers in the short to medium-term. This drop in demand should reduce congestion on urban networks, improving travel time reliability for time critical trips into and through these urban areas. However, these benefits are expected to be temporary, with demand returning to pre-COVID-19 levels in the medium-term, followed by ongoing growth in demand.

The expected slowing of growth is likely to result in a drop in demand for trips to support land development and construction activities in areas that were experiencing 'overspill' growth pre-COVID-19.

Primary production is forecast to remain relatively stable during the slowdown. Enabling the efficient movement of produce to processing plants, and to domestic and international markets will be critical to supporting the recovery of the national economy. Reliable freight movements to the major export ports, Auckland International Airport and inland distribution centres will be particularly important.

Volumes of imported goods are expected to soften in the short to medium-term. This is because of significantly reduced international airfreight capacity while international air services are disrupted, the general slowdown in economic activity, pressure on household incomes, reduced demand for consumer goods and lower population growth. This is likely to result in lower demand for freight movements on the road and rail connections between Auckland, Hamilton and Tauranga, and linking to the LNI. Demand is expected to rise again in the medium-term in line with the broader economic recovery.

There are number of freight-focused improvements either underway or planned that will support recovery. To the north of Auckland, recent investment in rail infrastructure between Auckland and Northport will support improved capacity and levels of service and an additional line in Auckland (from Avondale to freight hubs at Southdown) will provide additional capacity for freight trains on a section of the Auckland rail system where they compete with passenger services. To the south of Auckland, investments like the Waikato Expressway, the third rail line into Auckland, and the Ruakura freight and logistics hub will also support recovery.

The sharp decline in international tourist numbers will reduce demand on strategic tourist connections for the foreseeable future, particularly those to destinations popular with overseas visitors such as Waitomo Caves and Hobbiton. There will also be less cruise ship tourism, particularly through the Ports of Auckland and Tauranga, which will reduce international tourist travel between Tauranga, Hobbiton and Rotorua.

Demand on key connections to popular domestic tourism destinations is less likely to be impacted, at least in the short-term, as more New Zealanders choose to holiday at home. In the UNI these destinations could include the Coromandel, Raglan, Mount Maunganui, Rotorua, Tāupo and the Bay of Islands.

The strength of the domestic tourism market post-COVID-19 will depend on a range of factors including employment rates, discretionary income levels, and the speed with which border restrictions are lifted, enabling overseas travel.

Population and economic growth pre-COVID-19 led to the expansion of mainly greenfield business and residential land-use across the UNI. Post-COVID-19, with less inward migration and a subsequent drop in overspill from Auckland, continued growth pressure over the medium to long-term is likely to be in Hamilton and Auckland, Tauranga or into Northland, rather than rural areas. The effective integration of land-use and transport, to reduce the need to travel, support mode-shift and reducing GHG is still needed for the long-term, but with a greater focus within existing urban centres of Auckland and Hamilton and less on future planned communities on the urban fringes.

Providing safe, reliable and resilient connections across the UNI will remain important. While journey reliability is expected to improve in the short-term because of lower demand, levels of service relating to safety and resilience are likely to remain largely as they were pre-COVID-19. This is explored further in the strategic areas of focus section on page 9.



UPPER NORTH ISLAND: STRATEGIC CONNECTIONS

AIRPORT (2018)	Passenger (000)
Auckland	20,191 ³²
Tauranga	430 ³³

PORT/AIRPORT ²⁸ (2018)	Imports (VALUE \$M)	Exports (VALUE \$M)	Imports (VOLUME TONNE 000)	Exports (VOLUME TONNE 000)
Northport (Whangārei)	4,849	738	5,953	3,102
Port of Auckland	24,428	5,734	5,152	2,544
Auckland International Airport	12,485	7,300	N/A	N/A
Port of Tauranga	9,616	23,219	5,230	14,807

LEGEND

CONNECTIONS

- Nationally significant
- Regionally significant

KEY FLOWS

- Freight & tourism
- Freight
- Tourism

International & domestic airport

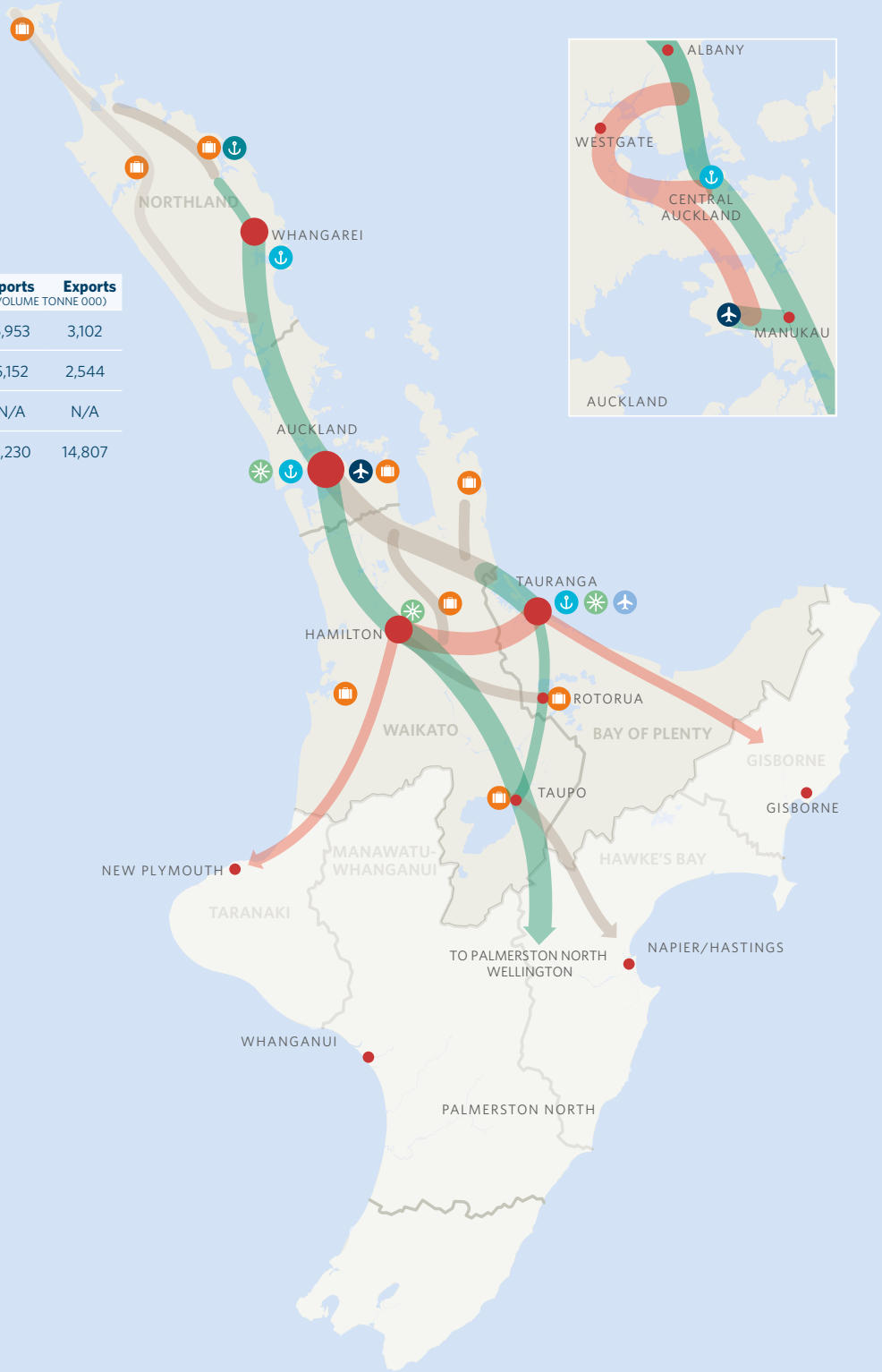
Domestic airport
Top 10 by passenger numbers

Cruise ship port only

Main sea port

Freight hubs

Visitor destinations



STRATEGIC AREAS OF FOCUS: 2021-31

(Numbers relate to locations shown on following map)

LOCATION	KEY INSIGHTS	WHY IT'S IMPORTANT	POTENTIAL COVID-19 IMPACT	FOCUS
1 North of Whangārei	Resilience risks and a poor safety record on the state highway network north of Whangārei will continue to affect community and freight access.	This connection provides an essential lifeline for Northland and is critical to supporting economic and social outcomes in the region.	Transport demand likely to drop in the short-term, but good connections remain important to support community wellbeing, domestic tourism and economic activity.	Improve corridor safety and reduce resilience risks to improve access for communities and tourists.
2 Whangārei to Auckland (SH1 & rail)	Pre-COVID-19, forecast growth in population, freight and tourism was placing increased pressure on the transport corridor. A potential expanded role for Northport in the future could still increase freight flows between Northport and Auckland. Recent and planned rail network investments, including reopening the Northland Line between Kauri and Otiria and building a container terminal at Otiria, will address capacity constraints. SH1 has existing safety and resilience issues.	This connection provides an essential lifeline to Northland and are critical to supporting economic and social outcomes in the region.	Some reduction in transport demand in the short-term, but nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium to long-term. Possible slowing of recent population growth, because of a drop in population overspill from Auckland.	Road and rail to deliver safe and reliable journeys between Auckland and Whangārei. Deliver SH1 Whangārei to Port Marsden project through the NZ Upgrade Programme and consider further options to increase transport choice between Whangārei and Northport.
3 Coromandel (SH25 & SH25A)	Resilience and adapting to climate change will influence future land and transport planning needs.	The region remains vulnerable to the effects of climate change, and communities are highly reliant on a limited number of corridors to access essential services.	Transport demand likely to drop in the short-term, but good connections remain important to support economic activity, domestic tourism and community access.	Initial focus on safety, with an ongoing focus on resilience, climate change, and community wellbeing. Work with partners to understand the future vision and transport needs of the Coromandel.
4 Pōkeno to Mangatarata (SH2)	This connection has a poor safety record and, pre-COVID-19, growth was placing pressure on the highway corridor particularly at peak holiday periods.	This connection supports significant numbers of local trips and access to key visitor destinations like the Coromandel Peninsula.	Transport demand likely to return to BAU in the medium-term with domestic tourism remaining the main source of peak travel demand.	Manage the corridor to support local journeys. Focus on improving safety and maximising use of existing infrastructure, including travel demand management and transport choice initiatives to help manage peak demand.

LOCATION	KEY INSIGHTS	WHY IT'S IMPORTANT	POTENTIAL COVID-19 IMPACT	FOCUS
5 Waihi to Tauranga (SH2)	This connection has a poor safety record. Pre-COVID-19, strong population growth in the Western Bay of plenty was increasing travel demand on the network.	This connection provides for high numbers of local trips and the movement of locally produced exports to Port Tauranga.	Transport demand likely to drop in the short-term, but the nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium-long term. Population growth is expected to slow, and may not return to pre-COVID-19 levels in the foreseeable future, because of a drop in net migration.	Focus on improving safety and, maintaining efficient port access. Deliver the Tauranga Northern Link and Te Puna to Omokoroa projects through the NZ Upgrade Programme. Review growth projections and investment timings in light of COVID-19 impacts.
6 Urban Auckland (road)	Pre-COVID-19 the Auckland road network experienced significant congestion at peak periods because of reliance on private vehicles. Forecast strong growth in population and freight were increasing access and transport needs.	Unpredictable journey times on Auckland's urban road network impacts on the inter-regional journeys of people and goods to key hubs and destinations.	Reduced demand for personal travel in the short-term will improve journey time reliability. Nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium term, followed by growth in subsequent years, increasing pressure on network capacity. Numbers of international visitors may not return to pre-COVID-19 levels in the foreseeable future.	Support inter-regional movement of people and goods to key hubs, through improved journey time reliability into and through urban Auckland supported by mode shift and delivery of the NZ Upgrade Programme.
7 Urban Auckland (rail)	Pre-COVID-19, an increasing number of commuter rail movements in Auckland were impacting on the ability of the rail network to deliver freight to the port via freight distribution hubs. Investment in the Hamilton–Auckland corridor will provide capacity for increased passenger movements and place further pressure on rail networks in urban Auckland, albeit later than previously forecast. Constraints on the wider rail network are being addressed through the Rail Network Investment and NZ Upgrade Programme.	There remains significant scope to move bulk and containerised freight by rail between Auckland and Tauranga ports, and distribution hubs located in between. If the role of NorthPort expands significantly in the future rail freight is likely to increase between Northport and distribution hubs in south Auckland.	Reduced demand for rail passenger services in the short-term because of reduction in work and discretionary trips. The nature, scale and location of demand is expected to return to near pre-COVID-19 levels in the medium-term, followed by growth in subsequent years, increasing pressure on network capacity for both people and freight.	Enable an increased role for rail in Auckland to support the movement of freight across the UNI, and personal travel between north Waikato and Hamilton. Deliver the Rail Network Investment and NZ Upgrade Programme (for example by extending the Auckland Metro electrified network from Papakura to Pukekohe) and consider further potential investments subject to revised growth triggers.

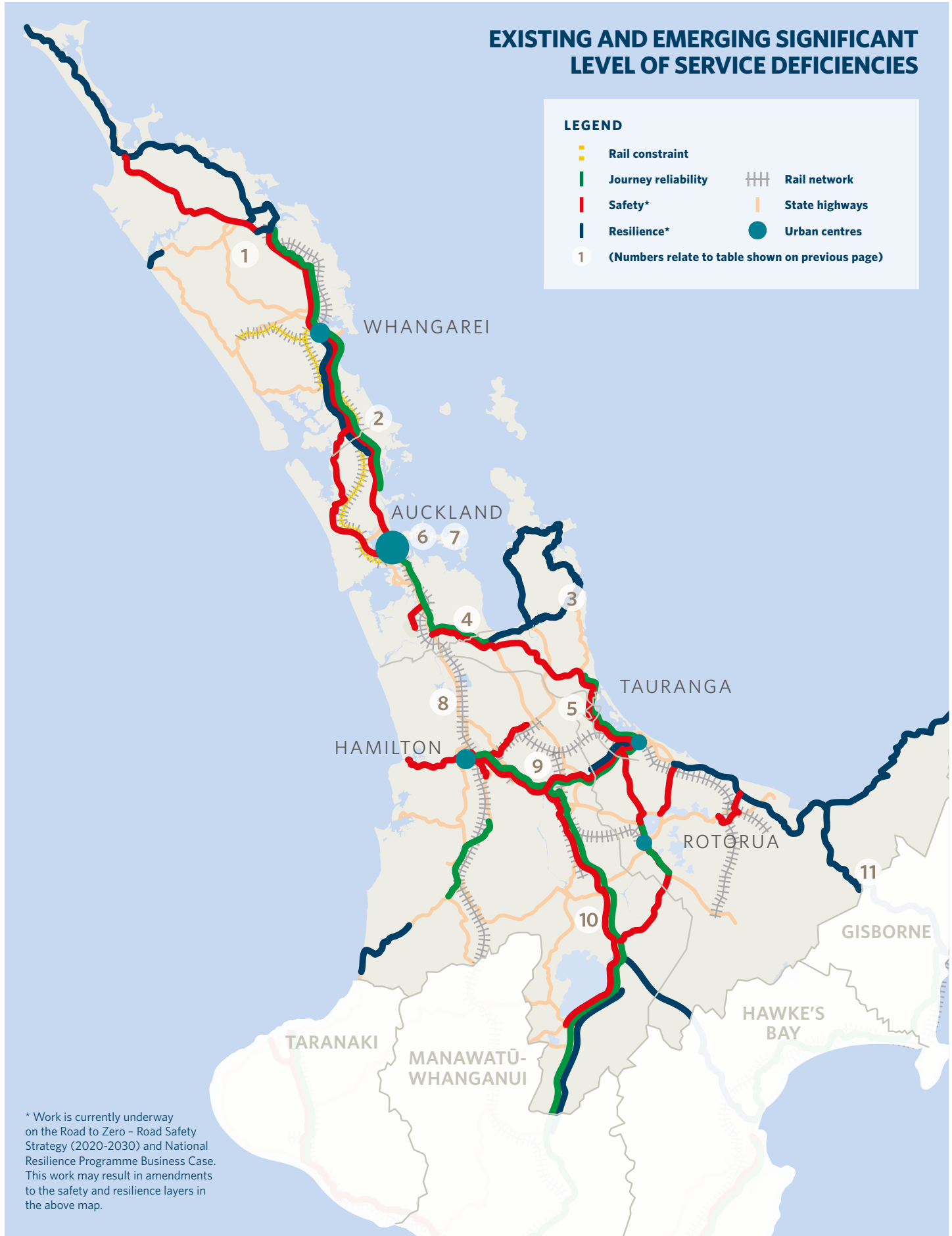
LOCATION	KEY INSIGHTS	WHY IT'S IMPORTANT	POTENTIAL COVID-19 IMPACT	FOCUS
8 Hamilton to Auckland (SH1 & rail)	Pre-COVID-19, high population growth and housing unaffordability in Auckland and Hamilton were causing a knock-on effect with housing growth and other land-uses moving into north Waikato. Planning exercise was underway to consider options to manage growth between Auckland and Hamilton, supported by high quality road and rail connections to move both people and freight.	This corridor links two of the country's fastest growing urban centres, pre-COVID-19. The Hamilton–Auckland Corridor initiative has the potential to support growth in key locations along the corridor, manage transport demand more effectively, protect the environment and avoid urban sprawl.	Nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium to long-term. International visitor travel along this connection may not return to pre-COVID-19 levels in the foreseeable future.	Support delivery of growth initiatives through the Hamilton–Auckland Corridor initiative for both people and freight with multi modal transport choices along the corridor and within communities and businesses. Collaborate with partners to review growth projections and agree the timing of community and business growth within this strategic connection.
9 Hamilton to Tauranga (SH1 & SH29, rail)	Forecast growth in population and freight was placing increasing pressure on this connection. The existing road corridor has a poor safety record.	Connection between Tauranga and Hamilton and on to Auckland is the country's primary freight corridor and the key connection between two of New Zealand's fastest growing cities.	Nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium-term. Population growth is expected to slow (particularly in Tauranga), and may not return to pre-COVID-19 levels in the foreseeable future.	Provide safe and reliable journeys for people and freight, including through the NZ Upgrade Programme view growth projections and investment timings in light of COVID-19 impacts.
10 Piarere to Waiohuru (SH1)	This connection has a poor safety record and some resilience challenges. There are also physical network constraints in places beside Lake Taupō and on the Desert Road.	This connects people and (particularly) primary freight exports between the upper and lower North Island. It also supports the regional economy and local communities.	Some reduction in transport demand in the short-term, but nature, scale and location of demand expected to largely return to pre-COVID-19 levels in the medium to long-term. Connections remain critical to support the movement of people and goods between the upper and LNI areas (and on to the SI).	Focus on online improvements to address safety, resilience, and access (for communities and freight) in the short-to-medium term. More transformational improvements may be considered in the longer-term between Piarere and Taupō if safety and capacity triggers are met, including beside Lake Taupō and on the Desert Road.
11 Ōpōtiki to Gisborne (SH2)	This connection is subject to significant resilience challenges.	This is the primary connection north from Gisborne to the Bay of Plenty. It is critical to supporting Gisborne's communities and the regions' economy through the movement of goods to domestic and export markets.	Transport demand likely to return to BAU in the short-term as primary sector freight recovers. Connection remains critical to supporting communities and economic activity within the Gisborne – East Cape area.	Work to improve resilience, particularly around Waioeka Gorge and high productivity motor vehicle capacity to support freight access to markets.



EXISTING AND EMERGING SIGNIFICANT LEVEL OF SERVICE DEFICIENCIES

LEGEND

- Rail constraint
- Journey reliability
- Safety*
- Resilience*
- + Rail network
- State highways
- Urban centres
- 1 (Numbers relate to table shown on previous page)



* Work is currently underway on the Road to Zero – Road Safety Strategy (2020-2030) and National Resilience Programme Business Case. This work may result in amendments to the safety and resilience layers in the above map.