#### **UNI Growth Snapshot**



2015 -2016 there were

42,986

new car registrations in Auckland

Source: NZTA 2016



Hamilton house price values rising

t31.5%

in the year to July 2016

Source: OV 2016



**Northport exported** 

2.45 million tonnes

of woodchip and logs, a

**124%** 

increase on the previous year

Source: Northport 2016



From 1996 to 2013, Tauranga City had

**t48%** 

growth, the highest percentage growth in New Zealand

Source: Tauranga District Council 2015



Tourism growth in the Bay of Plenty was

19.6%,

the highest in the Upper North Island

Source: MBIE 201

### CONTENTS

3

An introduction to the Upper North Island story

11

Our homes

15

Our natural environment

7

The Upper North Island is growing and changing

12

Our workforce

17

**Our economy** 

10

The Upper North Island is connected

13

Our transport and infrastructure

18

Strategic importance of working together



# An introduction to the UPPER NORTH ISLAND STORY

The Upper North Island Story is about growth and change and how important the connections between the regions and cities of the Upper North Island are to the ongoing success of New Zealand. The Upper North Island (UNI) Story tells us that:

- Despite being 20 percent of New Zealand's land area, it contains over half of New Zealand's population and economic activity and includes nationally significant infrastructure.
- · Growth is putting pressure on our housing, infrastructure, labour market and environment.
- The UNI is connected. The strength of the relationship between the cities and regions of the UNI is vital to success of New Zealand as a whole.
- Many issues are not defined by local government boundaries.
   Thinking about the Upper North Island holistically and working collaboratively is key to planning for future challenges.

This document has been produced for the Upper North Island Strategic Alliance (UNISA) which is a collaboration of four regional/unitary councils (Northland, Auckland, Waikato and Bay of Plenty) and three city/district councils (Whangarei, Hamilton and Tauranga).

This story leads into and informs the following documents:

- Upper North Island Strategic Alliance Value Proposition.
- Upper North Island Strategic Alliance Action Plan.



#### The Upper North Island is diverse

The Upper North Island varies between and within its regions.

There are differences in population, economy and culture.



### The Upper North Island is critical to a successful New Zealand

#### Why is the Upper North Island important?

#### **UNI** is the powerhouse of New Zealand

- UNI GPD in 2015 was \$117 billion, over half of the \$220 billion New Zealand economy.
- 1.19 million filled jobs in the UNI in 2015, almost 52 percent of all filled jobs in New Zealand.

#### UNI is the gateway to the world

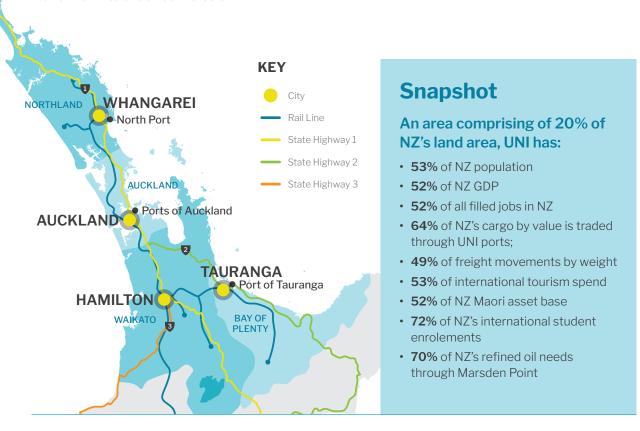
- Auckland Airport is the arrival point for a majority of New Zealand's international visitors.
- The Ports of Auckland, Tauranga and Northport export and import a majority of New Zealand's goods.

#### The value of our infrastructure

- 64 percent of goods by value within New Zealand move through the Upper North Island ports and Auckland International Airport.
- Freight volumes are forecast to increase by 59 percent by 2042 which will put pressure on transport networks.

#### A vital natural environment

- Four of the UNI's main industry sectors (forestry / wood processing / dairy / tourism) depend on the natural environment.
- The UNI is home to some of NZ's most significant natural assets such as our longest river, largest lake and all of New Zealand's Kauri forests.

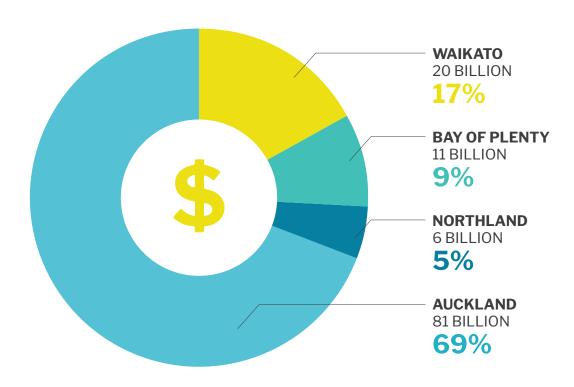






Auckland contributes the largest share of the Upper North Islands GDP

#### UNI GDP in 2015 (Billion) by Region

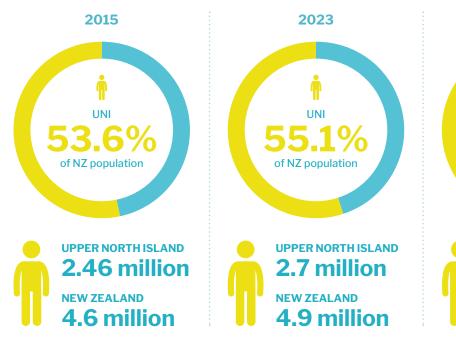


 $Source: Upper \, North \, Island \, Key \, Industry \, Sector \, Trends \, and \, Future \, Labour \, Force \, Demand \, 2014 \, - \, 2019 \, Morth \, Island \, Control \,$ 

# The Upper Morth Island is GROWING AND CHANGING

What is the Upper North Island Story? It is a story of unprecedented growth and change, that present significant challenges to our communities, infrastructure and natural environment. It also drives investment, job creation and economic opportunities.

#### **Projected population**



UPPER NORTH ISLAND
3 million
NEW ZEALAND
5.3 million

Source: Stats NZ (2015)

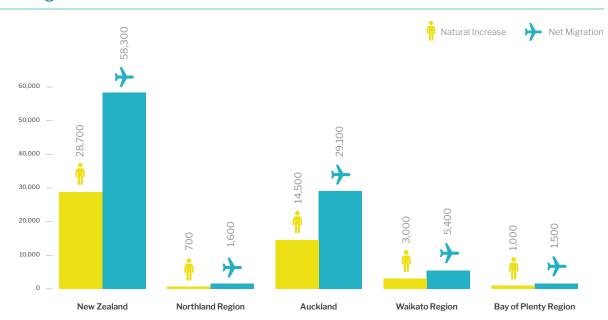
### The population of the Upper North Island will increase significantly at a faster rate than the rest of New Zealand.

#### Projected Pop Increase by Region (medium growth scenario)



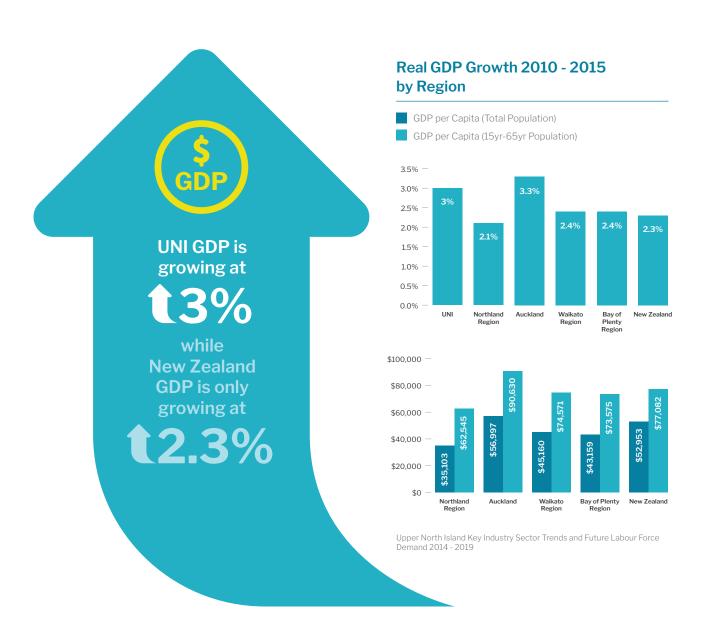
Source: Stats NZ (2015)

#### **Net Migration Verses Natural Increase 2015**



Source: Stats NZ (2015)

Average annual GDP growth of the UNI has grown slightly faster than the rest of New Zealand over the last 10 years. However, over the last five years, the UNI's average GDP growth rate of 3.0 percent per annum was well ahead of the rest of the country.



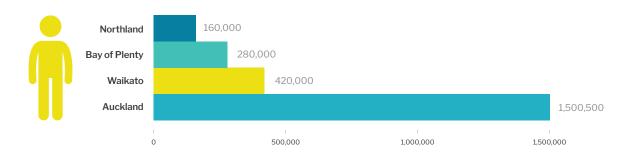
## The Upper Morth Island is CONNECTED

The regions and cities of UNI depend on each other in a number of ways and share common opportunities and constraints. Together, they are important to the ongoing success of New Zealand.

#### The Auckland Effect

Growth pressures in Auckland have resulted in an 'overspill' of growth into surrounding regions. If needs are not being met in one location demand will shift to the surrounding region if the 'push' and 'pull' factors are great enough. The other regions of the Upper North Island share the challenge of providing for and responding to Auckland's significant growth.

#### Population 2013



#### **Key Facts**

- 2013 census figures show the largest flows of people in UNI have been from the larger urban centres to their neighbouring regions:
  - Auckland to Northland (9,000)
  - Auckland to Waikato (16,000)
  - Waikato to Auckland (18,000)
  - Auckland to BOP (8,000)
  - Waikato to BOP (8,000)1
- The majority of the energy used in Auckland is sourced from outside the region, including petrol, diesel and jet fuel from Northland via the Refinery Auckland Pipeline and electricity from Waikato via Transpower's national grid.<sup>2</sup>

- Auckland "imports" more than 29 percent of its aggregate needs from the other upper North Island regions, particularly Waikato and Northland.<sup>3</sup>
- Applications are lodged to take a further 200,000m3 of water to support projected growth in Auckland.

#### **Opportunities**

Align regional and local growth management strategies within the upper North Island. This will provide an integrated approach to accommodating future population growth among cities, towns and settlements.

1 http://www.waikatoregion.govt.nz/PageFiles/20345/Key%20sector%20trends\_Summary\_Report.pdf
2 http://www.aucklandcouncil.govt.nz/EN/planspoliciesprojects/plansstrategies/theaucklandplan/Documents/inforgraphicsenergy.pdf
3 http://www.transport.govt.nz/assets/Uploads/Research/Documents/National-Freight-Demand-Study-Mar-2014.pdf p130

## *Our* **HOMES**

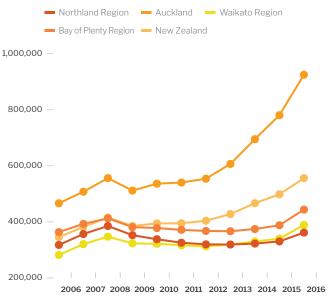
House prices for the Upper North Island are near record highs as the 'halo effect' of Auckland gains momentum. Meeting housing needs is not just an Auckland problem anymore. The ability to meet our housing needs has far reaching implications to the continued growth of our economy and wellbeing of our communities.

#### **Key facts**

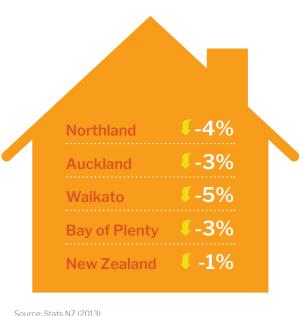
- Home ownership rates are decreasing and cost of renting is increasing.
- Overcrowding is becoming more of an issue, particularly in Auckland, but also other regional centres.
- The number of property sales to Aucklanders in Whangarei, Hamilton and Tauranga has more than doubled in five years.
- · Continued growth in building activity is placing strain on the availability of skilled labour in the construction industry.



Source: Stats N7 (2013)



#### **Decline in Home Ownership** 2001 - 2013



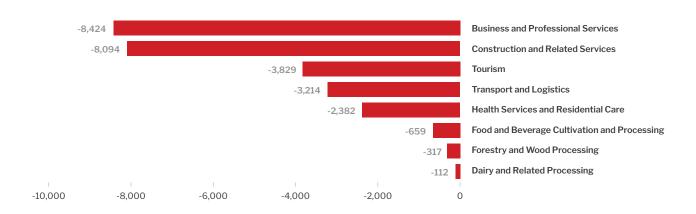
## Our WORK FORCE

As our economy continues to grow and as people leave the work force an additional 363,000 workers are likely to be required in the Upper North Island over the 2016 to 2020 period. Over the same period, there will be an estimated additional 395,000 people in the UNI available for work.

Skills shortages could constrain the growth of key sectors. The shortages are caused by the need to fill new jobs generated by growth but also replace people who are leaving the workforce.

Key sectors of our economy will have significant constraints. A high level of growth is generating an ever increasing demand for new housing and infrastructure meaning that the construction industry will have the greatest under-supply of labour.

#### Under-supply of Skilled Workers by Key Sector



 $Source: Upper \, North \, Island \, Key \, Industry \, Sector \, Trends \, and \, Future \, Labour \, Force \, Demand \, 2014 \, - \, 2019 \, Appendix \, App$ 

# **Out TRANSPORT AND INFRASTRUCTURE**

The infrastructure networks of the upper North Island regions connect key growth areas and support the majority of national economic activity. These networks not only provide for the movement of people, and exchange of goods and services, but they also facilitate improvements in accessibility both regionally and sub-regionally. A collaborative, forward-thinking approach to infrastructure planning and investment across the Upper North Island is required to ensure strategic road and rail corridors continue to perform well into the future.

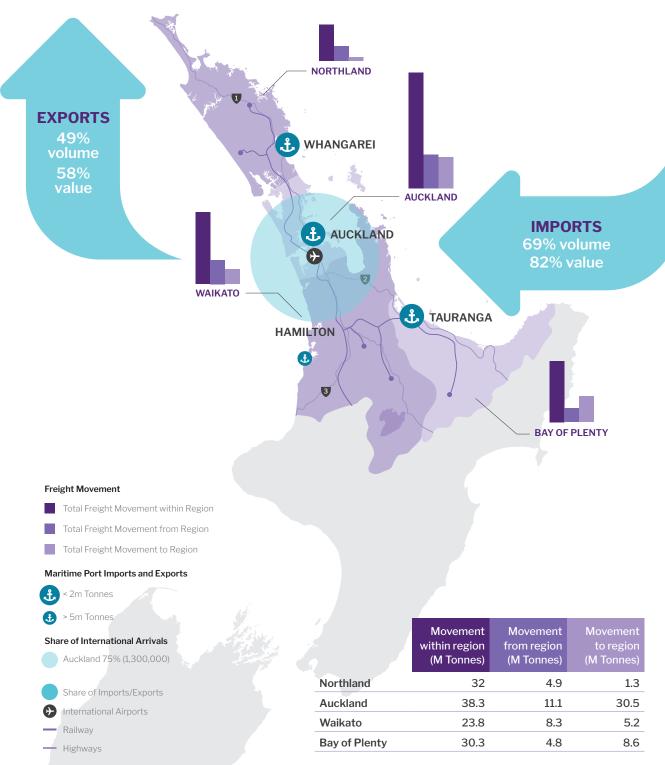
#### **Key Facts**

- UNI's roads and transport networks:
  - Carry the majority of New Zealand people & goods
  - Connect three of the five largest urban areas in New Zealand
  - Connect to New Zealand's largest international gateway
  - Connect key tourist destinations
  - Support the flow of resources, such as food and beverage cultivation
- The greatest movements tend to be
  - Auckland to/from the other regions
  - From Auckland into Bay of Plenty
  - And between Waikato and the Bay of Plenty
- The efficient movement of freight is vital to our economic success.
- This reflects the importance of Auckland and Tauranga as export ports, and Auckland's position as a major market.

#### **Opportunities**

These key routes serve multiple (and often competing) functions as both local, sub-regional and regional connectors. They cater to a range of mode (rail, road, public transport and active transport) choices. Working together to identify shared priorities and support investment decisions that deliver on desired outcomes is a priority.

#### **Regional Freight Movements 2012**



Source: Stats NZ (2015) and NZTA (2016)



### Our NATURAL ENVIRONMENT

The natural environment does not recognise administrative boundaries. What takes place in one region has impacts upon another. As we grow we collectively place our environment under strain that could ultimately undermine its ability to provide for the future, in ways valued by our communities. How we manage our natural resources is intrinsically linked to how and where we grow.

#### **Key facts**

- The natural environment is key to supporting our economic well-being, with four of UNI's eight main industry sector reliant on the natural environment e.g.
  - Forestry and Wood Processing \$2bn (per year to the GDP of the Upper North Island)
  - Dairy \$3.1bn (per year to the GDP of the Upper North Island)
  - Food and Beverage Cultivation and Processing \$2.5bn (per year to the GDP of the Upper North Island)
  - Tourism \$4.4bn (per year to the GDP of the Upper North Island)
- There has been a sustained expansion of rural lifestyle development into land with high class soils.
- UNI is a gateway for the introduction of new plant and animal pests, with New Zealand's major international airports and ports located here.
- Climate change is leading to changes in our environment. The increasing fragility of natural systems has implications for many industries such as apiculture (honey) and horticulture.

#### **Opportunities**

Consistent cross boundary approaches are important for the management of natural resources such as the coastal environment, indigenous biodiversity and weed and pest control and management of water takes from aquifers and streams that flow between regions.

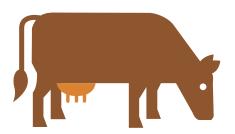
#### Our natural environment is key to our economic well being. Four of the Upper North Island's eight main industry sectors rely on our natural environment.



**Forestry and Wood Processing:** 

\$2<sub>bn</sub>

per year to the GDP of the Upper North Island



**Dairy** 

\$3.1<sub>bn</sub>

per year to the GDP of the Upper North Island



Food and Beverage Cultivation and Processing:

\$2.5<sub>bn</sub>

per year to the GDP of the Upper North Island



**Tourism:** 

\$4.4<sub>bn</sub>

per year to the GDP of the Upper North Island

Source: Upper North Island Key Industry Sector Trends and Future Labour Force Demand 2014 - 2019



The Upper North Island represents more than half of New Zealand's economic activity. The diversity and scale of the Upper North Islands' economic sectors allows a degree of specialisation in goods and services not present in many other parts of the country. This leads to innovation, which in turn drives growth.

As economic activity becomes more specialised the regions become more dependent on one another. Auckland, because of its scale, provides highly specialised services sectors. These services are provided to Aucklanders as well as the surrounding regions. The demand for space in Auckland from these service sectors is pricing out other more land extensive uses, such as manufacturing, into neighbouring areas. This is increasing the diversity and specialisation of manufacturing sectors in these regions.

#### **Key facts**

- The tourism sector is strongly linked across the UNI, with 55 percent of domestic visitor expenditure in the UNI derived from visitors within the UNI itself.
- Just over a third of Auckland's, 74 percent of Bay of Plenty's, 84 percent of Northland's and 74 percent of Waikato's domestic visitor expenditure is derived from visitors from other UNI regions.
- Some sectors in the UNI have higher numbers of people living in one place, but working in another.
   This is most common across construction and related services, food and beverage cultivation and freight and logistics.
- Labour supply could impose a constraint on future growth. Shortages are forecast in occupations related to construction (e.g. project builders, carpenters, painting trade works), transport and logistics (e.g. truck drivers, storepersons) and tourism (e.g. retail managers, kitchenhands).
- The most significant current and future skill shortage issue facing the freight and logistics sector in the UNI is the lack of truck drivers.

#### How should we respond?

Supporting economic development in both urban and rural parts of the regions and facilitating the movement of goods, services and employees across administrative boundaries.

# Strategic importance of WORKING TOGETHER

This story has shown that many issues within the Upper North Island are not defined by local government boundaries and cannot be satisfactorily addressed by individual Councils working in isolation. By working collaboratively the Upper North Island will be well placed to proactively plan for future challenges and we will have a stronger voice when advocating for change.

This story has identified many opportunities for collaboration. The UNISA Value Proposition and the UNISA Action Plan will establish a strategic framework setting out the important issues that we should be working together to address.

#### Our people

- Understanding movement patterns and the reasons for migration.
- Planning proactively for our aging population and areas of decline and growth. Better understand the relationships between population change and demand for housing.

#### Our economy

- Acknowledging and understanding the interdependencies between our regions and the rest of New Zealand.
- A focused dialogue with central government around the efficiency of our economy and critical issues such as labour demand and infrastructure planning.

#### Our infrastructure

- Support and integrated approach to transport that contributes to social and economic prosperity.
- Manage existing pressures on our infrastructure networks and plan for future growth.

#### **Our environment**

 Identify environmental issues of common interest and understand how collaboration can help manage these issues.























