AT A GLANCE The lower North Island is made up of Gisborne, Hawke’s Bay, Taranaki, Manawatū-Whanganui and Wellington regions. In 2018 it was home to over 1,077,000 residents, or 23% of New Zealand’s population\(^7\) while the area’s economy contributed 24% to the national economy.\(^18\)

**POPULATION**

While the lower North Island (LNI) is forecast to grow over the coming decades, the rate of growth is expected to be less than the upper North Island (UNI) and South Island (SI). By 2043 the LNI is forecast to be home to 1,170,000 residents, or 20% of New Zealand’s population:\(^1\) Projected growth will not be evenly spread, with the most growth expected in the main urban centres:\(^2\)

Wellington is the largest urban area in the LNI, with a population of approximately 415,000\(^17\) and it is forecast to have stronger growth than other regional centres. New Plymouth, Palmerston North, Napier and Hastings and to a lesser extent Gisborne, are also forecast to experience growth. Across the LNI there are a number of rural areas that are predicted to experience population decline over the coming decades:\(^1\)

**ECONOMY**

The Wellington region dominates the LNI economy in terms of GDP contribution. The Wellington economy is the country’s second largest, contributing 13% of the national GDP.\(^18\) As the home of central government, it is dominated by public administration and service industries although knowledge-based industries, specialist manufacturing and distribution industries make significant contributions. In other regions, primary production is a major focus, particularly dairy, forestry and agriculture. Viticulture and tourism have an increasing focus on the East Coast and in the Wairarapa. Taranaki and Manawatū-Whanganui have a goal to increase visitor numbers. Other economic activity in the region includes oil and gas exploration and production in Taranaki, tertiary education and research in Palmerston North, and the growing concentration of defence force activities in Ohakea and Linton.

While the Wellington economy continues to perform strongly, much of LNI has been outperformed by other areas of New Zealand. Gisborne, Hawke’s Bay and Manawatū-Whanganui have been identified as surge regions by the government with a focus on Provincial Growth Fund investment to support regional development.

Across the LNI, there will be significant areas of forest that will be ready for harvest in the next 10 to 15 years. While the scale and timing of the harvest will depend on export and processing demand, there is potential for a significant increase in the movement of logs to port and processing hubs.

Oil and gas exploration and production has been a significant contributor to the Taranaki economy since the 1970’s. With ongoing fluctuations in global fuel prices, changes to government

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\(^{17}\) Source: Statistics New Zealand

\(^{18}\) Source: Statistics New Zealand
policy on exploration and increasing pressure to reduce carbon emissions, there is some uncertainty around the long-term contribution of this industry in Taranaki. The region is exploring other technologies, notably hydrogen, to broaden their energy industry base.

All regions in the LNI are seeking to grow the contribution that tourism can make to local economies, and visitor numbers are forecast to grow strongly over the coming decade.

Looking forward, current economic drivers are largely expected to continue, with an ongoing emphasis on primary production for much of the LNI. The urban centres of Wellington, New Plymouth, Palmerston North, Napier/Hastings and Gisborne will remain the key economic hubs within their respective regions.

**LAND TRANSPORT SYSTEM**

The LNI has a diverse transport network that provides access to a wide range of economic and social opportunities. The transport corridors that pass through the area are a key part of New Zealand’s transport system, enabling movement of people and goods between key centres of production, consumer markets and freight distribution hubs.

The centre of the North Island is characterised by challenging terrain, higher elevations and relatively unproductive land. These factors have combined to form a sparsely populated area stretching from northern Taranaki in the west, through the Central Plateau, to northern Hawke’s Bay and Gisborne in the east.

Four key road and rail journeys connect the LNI regions and main urban centres. Freight journeys converge on Palmerston North as the primary logistics and distribution hub. Passenger journeys, particularly movements to and from Wellington, tend to remain on SH1 as the most direct north-south route through the LNI.

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.

There are significant pressure points and resilience issues on the networks in and around Wellington, as a result of increasing populations and heavy reliance on two highways and two rail lines for access. There are also a number of resilience and safety hotspots outside Wellington, including the resilience of SH4 between Whanganui and Raetihi. Resilience challenges on the now-closed SH3 through the Manawatū Gorge will be addressed by the construction of Te Ahu a Turanga, the alternate road connection between Manawatū, Tararua and Hawke’s Bay.

The majority of the country’s imports arrive in the UNI, approximately 70% by volume and 80% by value.9 With
nearly 50% of the country’s population living outside of the UNI, there is a significant freight task, involving coastal shipping, rail and road, to move imported products to consumers in the LNI and SI.

Palmerston North has emerged as the key distribution and logistics hub for the region, reflecting its strategic location and access to both road and rail networks connecting to Wellington, the Wairarapa, Hawke’s Bay and Taranaki. It is the key staging point for freight moving from the UNI and offers good access to rural locations that produce export commodities.

Palmerston North also provides a collection and distribution hub for products exported through the ports of Napier, New Plymouth, Wellington, Tauranga and Auckland. As a result, Palmerston North has become the centre for many of the inter-regional journeys occurring in the LNI.

Wellington’s CentrePort, the northern terminus for Cook Strait ferry services, is a key strategic hub for the movement of people, including significant numbers of tourists, and goods between the North and South Islands. The CentrePort Access business case is considering options to support the movement of people and goods through improved access to the port and ferry terminals.

CentrePort’s freight task is growing with connections to inland hubs in Palmerston North, Whanganui, and Waingawa in the Wairarapa. This growth is partly driven by the significant volume of wood making its way from Waingawa to Wellington, and by growth in general commodities and consumables.

There are significant rail and road flows to and from Taranaki focused on the movement of raw and processed dairy products to and from the large Hāwera processing plant.

Movements to the east are primarily goods moving by road to and from Napier Port. Flows to the south are dominated by goods to service the large Wellington market, although some goods do continue to the South Island, and vice versa via the Cook Strait ferry service.

Given the East Coast’s remoteness and difficult terrain, and the export direction of much of its economic activity, transport connectivity is highly important to access labour, supplies, and domestic and international markets. The Gisborne region depends heavily on its state highway connections north-west to Bay of Plenty and south to the rest of the LNI via Napier. These connections serve as essential lifelines that support social and economic outcomes in the Gisborne region.

While Wellington sits at the southern-most tip of the North Island, it attracts goods, services, and tourists from around the country and internationally. There are strong daily commuter flows into and out of central Wellington from across the greater Wellington area, extending as far as the Horowhenua and Kāpiti Coast, and the Wairarapa. Frequent passenger rail services run between Waikanae and Wellington on the west coast and between Masterton and Wellington to the north-east.

**STRATEGIC AREAS OF FOCUS: 2021-31**

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>KEY INSIGHT</th>
<th>WHY IT’S IMPORTANT</th>
<th>FOCUS</th>
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<tbody>
<tr>
<td>Palmerston North to Wellington (SH1, SH56 &amp; SH57, rail)</td>
<td>Forecast growth in population, freight and tourism will place increasing pressure on the road corridors. The road corridor has existing safety and resilience issues, particularly in the section between Otaki and Levin.</td>
<td>Palmerston North is the primary distribution hub for the LNI, while Wellington is the largest market and also the northern terminus for Cook Strait ferry connections to the South Island. The connections between the two are critical.</td>
<td>Deliver safe and reliable road and rail journeys between Palmerston North and Wellington.</td>
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<tr>
<td>Urban Wellington (multi-modal)</td>
<td>The Wellington strategic road network experiences significant congestion at peak periods, negatively impacting the predictability of travel time. Forecast growth in population and freight will worsen these issues.</td>
<td>Unpredictable journey times on Wellington’s strategic urban road network impacts on inter-regional journeys of people and goods to key hubs including the Cook Strait ferries and airport.</td>
<td>Support inter-regional movement of people and goods to key hubs, through improved journey time reliability within urban Wellington, with a primary focus on increased use of public transport (road and rail), walking and cycling.</td>
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<td>Gisborne to Hawke’s Bay/ Bay of Plenty (SH2)</td>
<td>The corridors linking Gisborne region to the rest of the country are subject to regular disruptions and significant resilience challenges, and these are expected to increase over time because of the impacts of climate change.</td>
<td>Gisborne region is relatively remote with an export-oriented economy. It relies heavily on connections to the Bay of Plenty and Hawke’s Bay to supporting economic and social outcomes in the region.</td>
<td>Deliver safe and reliable connections between Gisborne and Bay of Plenty/Hawke’s Bay, to support regional development in the Gisborne region.</td>
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<tr>
<td>Palmerston North to the upper North Island (road and rail) (SH1 &amp; SH3, rail)</td>
<td>Forecast growth in freight and tourism will place increasing pressure on the road and rail corridors between the upper and lower North Island. The SH1 corridor has existing safety and resilience issues, including closures of SH1 at Desert Road due to snow, and capacity issues on parts of the Desert Road and sections of the route beside Lake Taupō.</td>
<td>This is an important corridor and supports the movement of people and freight between the UNI and LNI, including journeys that continue on to Wellington. It also provides access to multiple visitor destinations in the central North Island. Palmerston North hosts a university and is the primary distribution hub for the LNI, including for goods travelling southwards from Auckland and Port of Tauranga.</td>
<td>Deliver safe and reliable journeys between Palmerston North and the UNI.</td>
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<td>Urban Palmerston North (road and rail freight)</td>
<td>Palmerston North is emerging as the primary freight distribution hub in the LNI, resulting in increased heavy vehicle movements on local roads in and around Palmerston North.</td>
<td>The majority of freight movements into Palmerston North are required to travel on local roads to access distribution hubs. Increasing freight volumes are creating safety challenges on local road networks, amenity issues for adjacent communities, and reducing the efficiency of freight movements. The potential development of a direct rail siding into the distribution area in the north-east would enable rail to play a greater role in the movement of freight.</td>
<td>Work with partners, through development of Palmerston North Integrate Transport Improvements Programme, to agree the sequencing and timing of investment required to support Palmerston North as the primary distribution hub in the LNI.</td>
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* 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.