

**IN THE MATTER** of the Resource Management Act 1991

**AND**

**IN THE MATTER** of a submission in respect of the **PROPOSED WAIKATO DISTRICT PLAN** by **AMBURY PROPERTIES LIMITED** pursuant to Clause 6 of Schedule 1 of the Act seeking the rezoning of land at Ohinewai

## **STATEMENT OF EVIDENCE OF LYNN CRAIG TURNER**

### **1. INTRODUCTION**

- 1.1 My name is Lynn Craig Turner. I am a director of New Zealand Comfort Group Ltd ("TCG") which is owned by myself, my brother Graeme (also a director), and other family interests.
- 1.2 Graeme has been with the company his entire career. I joined the company in the early 1970s running the financial and management aspects of the business. I initially started in engineering. Graeme and I collectively worked towards running the business over time.
- 1.3 The company that has purchased the Ohinewai land and lodged the submission on the Proposed Waikato District Plan, Ambury Properties Limited ("APL"), is an associated company that we also own. It is responsible for the purchase and development of the Ohinewai site to ensure that it is ready for TCG's operational use.
- 1.4 TCG has a full-time Chief Executive Officer but both Graeme and I remain closely involved in TCG's day-to-day operations, in directing the innovation, growth and strategic direction of the group. Some of our children are also actively involved in the company.

- 1.5 As the owners and stewards of a business that has been operating since the 1930's, we are proud of what the company has achieved and we are still as passionate about manufacturing the best beds as our forefathers were. It is this passion for manufacturing the best beds, our commitment to quality, and our strong family company ethos that underpins the concept of The Sleepyhead Estate at Ohinewai.
- 1.6 After initially identifying two potential solutions to TCG's factory site needs in Auckland, we realised that the only real solution to TCG's commercial requirements (including the large footprint required and transportation of raw materials and finished product) was for TCG to relocate to a substantial site adjacent to an arterial transport route and major railway line.
- 1.7 In addition, we were conscious of the difficulties for our staff in the home ownership and rental market in Auckland and this provided additional impetus for a location and site large enough to enable some provision for staff housing so providing an opportunity for our staff to become homeowners. A site meeting these requirements simply does not exist in Auckland. We have struggled for some time to attract staff as high housing and rental costs have pushed our workforce away from the factory sites. Long travel distances cost our workers time and money that they can ill afford. We want to assist our good people to build assets for their future. The concept of nearby housing requiring limited travel allowing those costs to be invested instead in an asset is very attractive to us.

### **Purpose and scope of evidence**

- 1.8 Against that background, my evidence will:
- (a) Provide a brief overview of TCG, including our company culture (Section 3).
  - (b) Outline the need to relocate from our current manufacturing facilities in Auckland (Section 4).
  - (c) Describe the design principles that underpin the development (Section 5).
  - (d) Provide an overview of the Sleepyhead Estate concept (Section 6).
  - (e) Set out my concluding comments and request to the Hearing Panel (Section 7).
- 1.9 A summary of my evidence is contained in Section 2.

## 2. **SUMMARY OF MY EVIDENCE**

### **The Comfort Group**

- 2.1 The business that became TCG was started in 1935, in a small factory shed. My grandfather, Sidney Turner, was an electrician involved in providing electrical services to the business and purchased it in 1946. The fourth generation of Turners is now involved in the business.
- 2.2 Since purchasing our uncle's share of the company in 1979, Graeme and I have grown the business to become Australasia's biggest bedding and foam manufacturer, with around 1,000 staff at seven manufacturing facilities in Australia and New Zealand.
- 2.3 TCG's culture has a strong focus on staff wellbeing. A significant number of TCG's employees have been with the company for over 40 years and we have a number of families who have worked for TCG for several generations. That sense of social responsibility and loyalty to our workforce is one of the reasons why TCG is committed to finding a way to assist its employees into home ownership.
- 2.4 Over the last few years, we have become increasingly concerned about the inability of our employees and their families to find affordable housing in Auckland. As a result, one of our key objectives for Ohinewai is to ensure the houses are a reasonable cost relative to our workers' experience in Auckland.

### **The need to relocate**

- 2.5 Our manufacturing facilities at Avondale and Otahuhu are operating beyond capacity, suffer from significant site restrictions and are generally considered to have passed their "use by" date. The Avondale site is operated out of leased premises with a foam manufacturing plant occupying the rear building and a finished product manufacturing plant in the front building. The Avondale foam manufacturing plant has a number of issues related to lack of space which are preventing expansion of TCG's operations and are severely compromising our production efficiency.
- 2.6 The Otahuhu site is the primary Auckland-based site for manufacture of our mattress brands. The site comprises a series of old, non-purpose built buildings. As an older site, it is restricted by buildings with smaller footprints, lack of clear space, and low ceilings which limit use of modern storage facilities and create storage and stacking problems.

- 2.7 The Otahuhu site also suffers from poor access both internally on the site, and externally. Access for trucks from the street is poor, on-site site container storage is limited, and staff parking is often inadequate, particularly during peak production periods. The site also shares a right of way, which is already space-constrained, with an adjoining manufacturer.
- 2.8 The other major inefficiency that flows from having two manufacturing sites and one warehousing site<sup>1</sup> split between south, west, and east Auckland is the need to use road transport to move raw materials and finished product between the different sites.
- 2.9 Finally, it is always more difficult and expensive to continually keep old sites up to standard. From an operational perspective, building “from scratch” will enable us to adopt improved technology and processes that we are currently unable to install at the existing sites due to the restrictions discussed above. This will result in improvements in efficiency and environmental benefits.
- 2.10 As noted above, we also see the move to a new factory as an opportunity to provide high quality housing near to the factory site that is more financially accessible to our workers than housing in Auckland. We intend to set up a scheme to assist selected staff and their families into home ownership.

### **Planning for the site**

- 2.11 Having identified the Ohinewai site, we commenced the masterplanning process with our expert team. Our starting point was that the Sleepyhead development needed to realise our vision for:
- (a) A 100,000m<sup>2</sup> factory facility for TCG’s operations;
  - (b) An industrial area which takes advantage of the site’s location and proximity to the North Island Main Trunk railway (and a proposed new railway siding);
  - (c) A residential community that will assist our staff to get on the housing ladder, in a location close to their workplace; and
  - (d) Development structured around a series of high amenity green spaces for our residents and employees to enjoy.
- 2.12 To achieve this vision, APL lodged a submission on the PWDP seeking a change of the site’s current rural zoning to a mix of Business, Residential,

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<sup>1</sup> In Glen Innes.

and Industrial zonings, together with a structure plan to provide a planning framework to achieve TCG's vision.

### **Partnership with Tangata Whenua**

- 2.13 Our partnership with mana whenua is very important and has been strengthened over the course of planning for the project and we are actively pursuing opportunities to assist iwi with building capacity including the proposed Sleepyhead Academy and the transportation of workers to Auckland on a daily basis.

### **TCG's vision and commitment**

- 2.14 The aim of The Sleepyhead Estate is to deliver a comprehensively masterplanned community that will enable TCG to consolidate its manufacturing operations and provide high quality affordable housing for Ohinewai. the key elements of the development comprise:

- (a) A 100,000m<sup>2</sup> foam factory for TCG on the western part of the site.
- (b) A 61 hectare industrial hub with access to the NIMT rail siding (68 hectares of zoned industrial land).
- (c) Commercial development comprising 10 hectares (13 hectares zoned Business) to support the residential community, including a service station, local convenience stores and a discount factory outlet.
- (d) Residential development of 52 hectares which will enable the construction of between 900-1100 houses.
- (e) Approximately 55 hectares of public open space including larger regional-size parks, recreation spaces and urban plazas.

- 2.15 The Ohinewai site presents a unique opportunity for TCG to consolidate its operations and ultimately expand them, and to bring an existing, proven, and thriving industry to the district, along with the immediate and future associated job opportunities.

- 2.16 We are aware that there are significant sums to be expended on infrastructure to enable the Sleepyhead Estate concept to be delivered. TCG is committed to bearing our fair share of these costs.

- 2.17 We want to create a legacy that will continue to add long term value not only to TCG but to the part of Waikato District that we have chosen to make TCG's corporate home after nine decades in Auckland.

- 2.18 We recognise that the development is ambitious and challenging but with our top flight expert team and strong support from the Waikato District Council we are confident that a project capable of generating over \$100M / year in an area that is clearly under pressure from a socio-economic perspective is both commercially viable and beneficial for the community.
- 2.19 The opportunity that this project represents for Waikato District is thrown into even bolder relief by the Covid-19 Pandemic. New Zealand needs to increase its GDP - this can be achieved by increasing sales and becoming more productive. This project is the start of new thinking that will help New Zealand to become a lot more productive.
- 2.20 If the rezoning is not successful, it would be very unlikely to be viable to construct the foam factory alone. TCG would need to transfer foam manufacturing over to Australia and import foam into New Zealand. This would result in job losses in New Zealand. The additional cost in cartage would also be significant. On many accounts this would be a very undesirable outcome.

### 3. **THE COMFORT GROUP**

- 3.1 The business that is now TCG was started in 1935 by Arthur Mudd who made kapok mattresses in a small factory shed. Our grandfather, Sidney Turner, was an electrician who originally provided electrical services to the company and subsequently became a partner in the business and purchased it in 1946. The fourth generation of Turners are now involved in the business.
- 3.2 Graeme and I bought our uncle's share of the company in 1979. Back then, it was a small business with approximately 45 employees. We have grown it to be Australasia's biggest bedding and foam manufacturer, with about 1,000 staff at seven manufacturing facilities in Australia and New Zealand<sup>2</sup>. We pride ourselves on vertical integration, making and not just assembling, the components for our beds.
- 3.3 We sell a diverse range of products, from mattresses to carpet underlay, bedding accessories such as pillows and quilts, and speciality foam products for business, trade and consumers under an extensive stable of brands such as Sleepyhead, SleepMaker, Dunlop Foams, Beautyrest, Serta, Dunlopillo, Design Mobel and Wonderest as well as Sleepyhead Flooring underlay. In

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<sup>2</sup> Auckland, Christchurch, Melbourne, Brisbane, Sydney, Perth and Tasmania.

2019, Sleepyhead won New Zealand's Most Trusted Bedding Brand , for the fifth year in a row.

- 3.4 While Australasia has been our primary focus since the business started last century, we now export to the Chinese, Hong Kong and Japanese markets.

### **Social responsibility**

- 3.5 TCG's culture has a strong focus on staff wellbeing. A significant number of TCG's employees have been with the company for over 40 years and we have a number of families who have worked for TCG for multiple generations. That sense of social responsibility and loyalty to our workforce is one of the reasons why TCG is committed to finding a way to assist its employees into home ownership.
- 3.6 Over the last few years, we have become increasingly concerned about the inability of our employees and their families to find housing that they can afford in Auckland. As a result, one our key objectives for Ohinewai is housing at a reasonable cost relative to our employees' experience in the Auckland housing market.
- 3.7 The Sleepyhead Estate Masterplan envisages a medium density residential development deliberately designed to offer a range of dwellings including housing outcomes that will be at the lower price points. The residential offer at Ohinewai will therefore differ from housing developments occurring in nearby areas as those are predominantly low density suburban in character and developed separately from employment opportunities, such as Te Kauwhata. Ohinewai, at an offering of around \$500,000 price point for example, would be lower than the average in Te Kauwhata. For this reason, we are investigating a range of methods to achieve affordable housing for our workers including studying overseas models such as rent to buy, shared ownership and joint purchase.
- 3.8 As a manufacturing business we are committed to meeting the highest standards of health and safety and environmental management and protection. The new facilities will provide the opportunity to continue to improve and enhance our programs and management and ensure that we comply with best practice.

4. **THE NEED TO RELOCATE AND THE RATIONALE FOR MOVING TO OHINEWAI**

4.1 Our manufacturing facilities at Avondale and Otahuhu are operating beyond capacity, suffer from significant site restrictions and are generally considered to have passed their “use by” date. I will address each in turn.

**Avondale plant**

4.2 The Avondale site is operated out of leased premises with a foam manufacturing plant occupying the rear building and a finished product manufacturing plant in the front building.

4.3 The Avondale foam manufacturing plant represents a major constraint. This plant (which pours and makes foam) was installed in 2000. It has been subject to alterations and improvements since then but nevertheless constrains our foam production. The opportunity for further development and improvement is prevented by the small size of the site. The plant also operates on outdated technology, which is particularly constraining in our ability to enhance and reduce wastage which is highly desirable from an environmental point of view. The Avondale buildings:

- (a) Are insufficient for the current operations due to lack of space restricting production;
- (b) Lack product and container storage;
- (c) Constrain truck operations because truck access is shared with the adjoining business meaning unloading / loading of trucks often restricts access for both businesses;
- (d) Have insufficient staff carparking space;
- (e) Prevent expansion of TCG’s operations, which is severely compromising our productive efficiency, and increasing the amount of waste when compared with a site at which longer “runs” of foam are possible from a larger and more modern plant.
- (f) Makes foam utilising technology that is simply outdated. Significant environmental gains can be achieved with a new plant.

**Otahuhu plant**

4.4 The Otahuhu site is the primary Auckland-based site for manufacture of our mattress brands. The site comprises a series of old, non-purpose-built



buildings. As an older site, it is restricted by buildings with smaller footprints, lack of clear space, and low ceilings which limit use of modern storage facilities and create storage and stacking inefficiencies.

- 4.5 The Otahuhu site also has a foam manufacturing plant. The restrictions on storage space mean that, addition to producing shorter runs than desirable in a modern plant, no more than 14 blocks of foam can be stored at any time. As a result, in order to supply foam to Christchurch, TCG has to store the large blocks until a full shipment is ready. This restricts production of blocks for other uses and other customers.
- 4.6 The Otahuhu site also suffers from poor access both internally on the site, and externally. Access for trucks from the street is poor, on-site container storage is limited, and staff parking is often inadequate, particularly during peak production periods. The site also shares a right of way, which is already space-constrained, with an adjoining manufacturer.
- 4.7 By contrast with both Avondale and Otahuhu, foam production at the new Ohinewai plant will be much more efficient, allowing for much longer (40 metre) blocks to be made with storage for up to 40 full size "hot" blocks (i.e. straight off the machine to be stored for curing), as well as storage for 70 cured blocks.

#### **Other pressures**

- 4.8 The other major inefficiency that flows from having two manufacturing sites and one warehousing site<sup>3</sup> split between south, west, and east Auckland is the need to use road transport to move raw materials and finished product between the different sites. For example, scrap foam from Avondale is transported to Otahuhu for underlay production and specialty foams are made at Avondale for use at Otahuhu. In addition, specialist technical and engineering staff support both manufacturing sites. Underlay is transported from Otahuhu to Glen Innes for storage.
- 4.9 The constraints on the Auckland roading system are well known, as are the delays and costs this causes to users in general. This affects TCG's operations on a daily basis.
- 4.10 At both sites it is essential to continue to meet the increasing and changing regulatory constraints that affect TCG's operations generally, including health and safety and environmental requirements. The current facilities make it more onerous and expensive to maintain compliance and continually

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<sup>3</sup> In Glen Innes.

keep old sites up to standard. This is additional expenditure that would be better spent on a new site and, from an operational perspective, moving to the Ohinewai site and building “from scratch” will also enable us to adopt additional improved technology and processes that are currently unsuitable for the existing sites due to the restrictions noted above. This will result in improvements in efficiency and environmental benefits.

- 4.11 As already noted above, we also see the move to a new factory as an opportunity to address the known housing problem in Auckland by providing high quality housing that staff can better afford close to Huntly and to existing schools and services.

#### **The search for a new site**

- 4.12 The significant operational pressures on these plants and the overall ambition for a Sleepyhead Estate resulted in a decision to consolidate all of our operations at one purpose-built site that will also allow for further expansion. The site selection process that we undertook is described in David Gaze’s evidence.

### **5. PLANNING FOR THE SLEEPYHEAD ESTATE**

- 5.1 Due the inefficiencies at our existing plants, TCG is keen to move to the Ohinewai site as soon as possible. Having identified the suitability of the land, we moved quickly to begin the masterplanning process and the purchase of the land.

- 5.2 In August 2018 we, together with our expert team, commenced the masterplanning process. Mr Broekhuysen’s evidence describes this process in detail, but in summary, our starting point was that the Sleepyhead development needed to realise our vision for:

- (a) A 100,000m<sup>2</sup> factory facility for TCG’s operations;
- (b) An industrial area which takes advantage of the site’s location and proximity to the North Island Main Trunk railway (and a proposed new railway siding);
- (c) A residential community that will enable our staff to get on the housing ladder, in a location close to their workplace;
- (d) Development structured around a series of high amenity green spaces for our residents and employees to enjoy.

5.3 We worked up eight design principles that will underpin our development. These are:

- (a) A sustainable mixed-use community contributing to Ohinewai village and which balances social, economic, cultural and environmental needs;
- (b) Well connected – a robust transport network including easy access to the Expressway and a rail siding. Everyday facilities such as convenience retail will be available in close proximity to homes and to the existing residents of Ohinewai village, there will be strong connections to Huntly which will provide access to a wider range of services.
- (c) Strong identity – the Sleepyhead Estate will have its own identity.
- (d) Commercially feasible – by leveraging economies of scale and using resources efficiently, we can achieve a quality outcome and pass on efficiencies to the Sleepyhead Estate’s occupants.
- (e) Healthy residents – the Masterplan must be designed to promote healthy active lifestyles, healthy homes and gainful employment.
- (f) Affordable and high quality homes – developing high quality and affordable housing near to good employment opportunities is a critical feature of the vision.
- (g) Environmental excellence – in particular we are committed to improving water quality runoff and the creation of a large wetland ecosystem in the east of the site.

#### **APL submission on the Proposed Waikato District Plan**

5.4 We tested various masterplan options aimed at realising these design principles and eventually arrived at the development described in the “Sleepyhead Estate Masterplan Summary” dated July 2019. This document has now been superseded as a result of further detailed planning.

5.5 To achieve its vision, APL lodged a submission on the PWDP seeking a change of the Site’s current rural zoning to a mix of Business, Residential, and Industrial zonings, together with a structure plan to provide a planning framework to achieve TCG’s vision.

5.6 Were the Council not reviewing its district plan, APL would have approached it with a view to promulgating a private plan change. The District Plan review process is therefore timely, and we are grateful to the Panel for facilitating an earlier hearing of our submission to enable us to achieve the timeframes for development that we have set ourselves.

## 6. **THE SLEEPYHEAD ESTATE – OUR VISION**

6.1 The aim of The Sleepyhead Estate is to deliver a comprehensively masterplanned community that will enable TCG to consolidate its manufacturing operations and provide high quality affordable housing for Ohinewai.

6.2 The key elements of the updated development comprise:

- (a) A 100,000m<sup>2</sup> foam factory for TCG on the western part of the site.
- (b) A 61 hectare industrial hub with access to the NIMT rail siding (68 hectares of zoned industrial land).
- (c) Commercial development comprising 10 hectares (13 hectares zoned Business) to support the residential community, including a service station, local convenience stores and a discount factory outlet.
- (d) Residential development on 52 hectares of the site which enables the construction of between 900-1100 houses.
- (e) Approximately 55 hectares of public open space including larger regional-size parks, recreation spaces and urban plazas.

6.3 The detail of the Masterplan have been refined as we have moved through the process of assessing and responding to issues raised by Council planners, further submitters and key stakeholders including Waikato-Tainui.

## 7. **TCG'S COMMITMENT AND REQUEST TO THE PANEL**

7.1 Given the difficulties that I have described with our Auckland sites, it is necessary for us to leave Auckland and relocate to a large site with access to the rail and State Highway network. The Ohinewai site ideally fits the bill and represents a unique opportunity for TCG to consolidate its operations and ultimately expand them. It also brings an existing, proven, and thriving genuine New Zealand manufacturing business to the district with its immediate and future associated job opportunities plus those offered by the other businesses attracted to the development.

- 7.2 This development is extremely important to us and, having purchased this site, we are passionately committed to delivering The Sleepyhead Estate at Ohinewai, not only to meet the commercial needs of TCG but, much more than that, to assist TCG workers into a sustainable lifestyle outside the Auckland housing market.
- 7.3 We also want to create a legacy that will continue to add long term value not only to TCG but to the part of Waikato District that we have chosen to make TCG's corporate home after nine decades in Auckland.
- 7.4 We are aware that there are significant sums to be expended on infrastructure to enable the Sleepyhead Estate concept to be delivered. TCG is committed to bearing our fair share of these costs alongside WDC and other developers / landowners in the area.
- 7.5 We recognise that the development is ambitious and challenging and we are confident that a project capable of generating over \$100M / year in an area that is clearly under pressure from a socio-economic perspective is both commercially viable and beneficial for the community.
- 7.6 Our partnership with mana whenua is very important and has been strengthened over the course of planning for the project and we are actively pursuing opportunities to assist iwi with building capacity including the proposed Sleepyhead Academy and the transportation of workers to Auckland on a daily basis.
- 7.7 While the Covid-19 pandemic has introduced a level of uncertainty into the marketplace that may have an impact on timing, etc., it seems to me that, to the extent that the Ohinewai development will represent a huge economic boost to this part of the Waikato, the justification for a rezoning that will enable this development to occur is that much greater.
- 7.8 The opportunity that this project represents for Waikato District is thrown into even bolder relief by the pandemic. New Zealand needs to increase its GDP - this can be achieved by increasing sales and becoming more productive. Globalisation is at a real crossroads and NZ simply needs to be providing more goods from within. This project is the start of new thinking that will help New Zealand to become a lot more productive.
- 7.9 If the rezoning is not successful, it would be very unlikely to be viable to construct the foam factory alone.

7.10 On behalf of TCG, including our Auckland-based workers, we request that you find in favour of APL's submission.

**Craig Turner**  
**9 July 2020**