

IN THE MATTER of the Resource Management Act 1991 ("RMA" or "the Act")

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

**AFFIDAVIT OF STEFAN GEERTSEMA FOR AMBURY PROPERTIES LIMITED
IN SUPPORT OF AN EARLY HEARING AND DECISION**

4 August 2019

BERRY SIMONS

Simon Berry / Madeleine Wright

Telephone: (09) 969 2300
Facsimile: (09) 969 2304
Email: simon@berrysimons.co.nz
Postal: PO Box 3144
Shortland Street
AUCKLAND 1140

COPY

I, Stefan Geertsema, of Auckland, Chief Operating Officer, affirm

1. INTRODUCTION

- 1.1 I am the Chief Operating Officer of the Comfort Group ("TCG"), a corporate group that includes New Zealand Comfort Group Limited, a highly successful family-owned New Zealand company that manufactures beds and foam products. I have held this position since April 2018. Prior to assuming the role of Chief Operating Officer, I served as the Comfort Group's Chief Financial Officer from September 2013.
- 1.2 Prior to joining the TCG, I worked in the Corporate Finance Function of Deloitte's Auckland office.

Purpose and scope of affidavit

- 1.3 The purpose of my affidavit is to outline the operational pressures on TCG that have resulted in the company seeking to relocate its manufacturing facilities from Auckland to Ohinewai, Waikato, and the need for relocation to occur promptly.
- 1.4 My affidavit addresses the following matters:
- (a) TCG (Section 2);
 - (b) Proposed development at Ohinewai (Section 3);
 - (c) Operational pressures prompting development at Ohinewai (Section 4);
 - (d) The need for certainty as promptly as possible (Section 5); and
 - (e) Conclusion (Section 6).

2. THE COMFORT GROUP

- 2.1 TCG is Australasia's largest mattress and foam manufacturer. The business includes the Sleepmaker, Sleepyhead, Simmons, Dunlopillo, Design Mobil, and Serta bedding brands, and flexible foam manufacturer Dunlop Foams. TCG's role is focused on its manufacturing operations.
- 2.2 TCG prides itself on making, not just assembling, components for its beds as part of its New Zealand operations, and currently operates from existing manufacturing facilities in Avondale and Otahuhu in Auckland, with warehousing in Glen Innes.
- 2.3 Ambury Properties Limited ("APL") is an associated company that is also owned by the Turner family and is responsible for the purchase and development of the Ohinewai site to ensure that it is ready for TCG's operational use.

3. PROPOSED DEVELOPMENT AT OHINEWAI

- 3.1 TCG proposes to relocate its current Auckland-based sites to Ohinewai, Waikato. That site was first identified in August 2018 and TCG entered into an agreement for sale and purchase to buy the land in September 2018. The purchase of the land required for the "Stage 1" foam plant (see below) settled today (2 August 2019). The purchase of the balance of the land will be settled in May 2020. Importantly, the agreement is unconditional.
- 3.2 To that end, TCG filed, through APL, a submission on the Proposed District Plan seeking a structure plan to enable development of a consolidated manufacturing facility in which both foam and mattresses can be manufactured, stored, and distributed. This facility will be 100,000m² when completed. If APL is able to achieve an early hearing and decision (and no appeals are lodged), APL and TCG are hopeful of having the resource consents for the 100,000m² manufacturing facility by the end of March 2021.
- 3.3 APL is already in the process of applying for the resource consents for Stage 1 of the project, being an 18,000m² foam manufacturing plant. In late July, applications were lodged with Waikato District Council and the Waikato Regional Council for resource consents to undertake earthworks on approximately 7.65 hectares of land in the north-western corner of the site to prepare a building platform for that plant. It is anticipated that an application for resource consent to authorise the plant itself is likely to be lodged before the end of August. If the applications are successful, APL / TCG will begin building in 2020, following completion of the earthworks referred to below.
- 3.4 APL's geotechnical specialist, Initia has advised by letter dated 1 August 2019 (attached as **Exhibit A**) that ground investigations in the area of the proposed Stage 1 plant will require ground improvement to densify the upper soils and preloading to accelerate ground settlements to facilitate the construction of the plant. It has advised that the earthworks and preloading placement will take 3 months, followed by 6 months of preloading. The upshot is that construction of Stage 1 will be able to commence in June 2020.
- 3.5 APL's construction advisor Barnes Beagley Doherr, has advised by letter dated 1 August 2019 (attached as **Exhibit B**) that the Stage 1 plant building will take 12 months to complete following the completion of earthworks.
- 3.6 The total expenditure on the Stage 1 project is expected to be \$45 million, comprising the costs of construction and plant and machinery but not including the land purchase.
- 3.7 The proposed structure plan also includes a significant residential component (for TCG workers and others), and a commercial and wider industrial component. Set out in

Exhibit C is a masterplan of the proposed structure plan development. The entire development is known as the Sleepyhead Estate.

- 3.8 As a result of operational pressures at TCG's Auckland-based sites, APL has requested that the Hearings Panel hear and make a decision on its submission earlier than I understand would be the case under the Proposed District Plan timetable. This request is a result of a combination of pressures coming to a head, meaning that TCG needs to move and consolidate its operations as promptly as possible. I address those pressures below.

4. **OPERATIONAL PRESSURES PROMPTING DEVELOPMENT AT OHINEWAI**

- 4.1 TCG currently has manufacturing facilities in Avondale and Otahuhu, Auckland.
- 4.2 The existing manufacturing facilities at both sites have significant site restrictions and are generally considered to be past their "use by" date. This is resulting in manufacturing inefficiencies that are affecting the competitiveness and effectiveness of the business. To resolve these issues, TCG wishes to consolidate all its operations to one site that will also allow for further expansion. It has identified the site at Ohinewai as having the capacity to provide all necessary elements of a consolidated operation, along with opportunities for residential development for TCG workers and others, for commercial premises, and additional industrial operations.
- 4.3 The specific pressures and constraints associated with each of TCG's current Auckland-based plants are outlined below.

Avondale plant

- 4.4 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.
- 4.5 Both of 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.
- 4.6 These restrictions are preventing expansion of TCG's operations.

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- 4.7 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. However, as a result of its location, further development is irrevocably constrained by the small size of the site.
- 4.8 The foam being produced each run varies depending on the particular foam type / foam properties (formulations) that are required, and each time there is a change of formulation it is necessary to do a new run.
- 4.9 Each run change results in a start and end to the block which is of lesser quality or "scrap", and although TCG uses as much as possible for suitable products such as underlay production, there is inevitably some waste. Once a block is cured and ready for use, it can be cut to size as required and a large block gives more options and less waste than a smaller block. Therefore, on a small block run of any one foam type, the percentage of "scrap" foam to block size is higher than would be the case for a longer production run of the same foam.
- 4.10 As soon as foam is made it has to be stored in the curing area and then relocated to other storage areas when ready for use / sale. The foam manufacturing machine is a continuous slab block machine capable of producing a 30 metre+ block.
- 4.11 Unfortunately, due to lack of curing and storage space for the foam at Avondale, the foam manufacturing machine can only be set to produce a specifically formulated run of foam that can be immediately cut into short foam blocks usually 2 to 3 metres long, 2.1 metres wide, and a maximum height 1.250 metres, and then moved to the curing area as short blocks (rather than as a long block).
- 4.12 In addition, the foam manufacturing plant building at Avondale is in need of significant maintenance. Particularly pressing is the need for the building to be re-roofed. However, the landlord has advised TCG it does not currently intend to have this work undertaken as it wishes to regain use of the site for its associated company (which operates a manufacturing facility on the adjacent property) as soon as possible, with its current intention being to demolish the existing foam manufacturing plant building when it does.
- 4.13 The operational pressures at the Avondale site and the landlord's future plans for its own business have resulted in TCG and the landlord reviewing the lease and these negotiations are still on-going.

Otahuhu plant

- 4.14 The Otahuhu site is the primary Auckland-based site for manufacture of TCG's well-known Sleepyhead mattress range and of its other mattress brands.


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- 4.15 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. The low ceilings in particular limit use of modern storage facilities and create storage and stacking problems.
- 4.16 The Otahuhu site also has a foam manufacturing plant which makes and supplies foam for its mattress manufacturing plant and the one in Christchurch.
- 4.17 The restrictions on storage space means that 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 which restricts production of blocks for other uses and other customers.
- 4.18 By contrast, foam production at the new Ohinewai plant will allow for 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. The curing process for the blocks will also allow for stacking in 40 purpose built crates which is not currently possible in Auckland.
- 4.19 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.

Overarching pressures

- 4.20 At both sites it is essential to meet the increasing and changing regulatory constraints that affect TCG's operations generally, including health and safety and environmental requirements.
- 4.21 TCG is committed to maintaining compliance. It also recognises that it is always more difficult and expensive to continually keep old sites up to standard. Expenditure on the current sites would be better spent in the Waikato, starting "from scratch" with new, modern, purpose-built manufacturing and storage facilities.
- 4.22 From an operational perspective, moving to the Ohinewai site and building "from scratch" would also enable TCG to adopt improved technology and processes that it is currently unable to install at its existing sites due to the restrictions discussed above. This would result in improvements in efficiency and environmental benefits. For example, TCG already produces some fire retardant foams but the new plant will also allow TCG to produce more and varied fire retardant foams to meet the Government's recently announced voluntary "Product Safety Policy Statement Foam-filled furniture" (17 July 2019).

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- 4.23 The other major inefficiency that flows from having two manufacturing sites and one warehousing site 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.
- 4.24 The constraints on the Auckland roading system are well known, as are the delays and costs this causes to users in general. Obviously this also specifically affects TCG's operations on daily basis.

5. THE NEED FOR CERTAINTY AS PROMPTLY AS POSSIBLE

- 5.1 TCG wishes to ensure that it can address these site-specific and overarching pressures by relocating to a consolidated site at Ohinewai as soon as possible in order to improve efficiencies and ensure the benefits of relocating are not compromised by the costs associated with maintaining and improving the Otahuhu and Avondale sites.
- 5.2 The pressures and timing constraints outlined above mean TCG needs to obtain the necessary planning and resource consents and commence construction as soon as possible. However, it is hesitant to invest significantly in the Ohinewai site without certainty that it will be able to complete the development that is envisaged – hence the request for an early hearing and decision on APL's submission on the Proposed District Plan.
- 5.3 The cost associated with development of the Ohinewai site is significant. As noted in paragraph 3.6 above, Stage One of the site, in respect of which, as noted, APL is in the process of applying for resource consent for, is in the vicinity of \$45 million. The cost associated with Stages 2 and 3 of TCG's facility (taking the facility to 50,000 m²) is approximately a further \$82 million, with further long term intent to expand to 100,000m² in order to pursue our growth and export strategy. Overall, implementation of the entire Sleepyhead Estate structure plan is projected to cost up to \$1 billion including supporting infrastructure and the development of other commercial and residential projects on the site.
- 5.4 In addition, the economic analysis undertaken by Dr Wheeler (attached as **Exhibit D**) indicates that the economic consequences associated with a delay are significant – if APL does not secure an early hearing and decision and this results in a delay of a year there would be a loss of approximately \$11.8 million to the economy and some 60 full time equivalent jobs curtailed for that year. A delay of two years (if there is an appeal) would result in the loss of \$23 million to the economy.

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6. **CONCLUSION**

- 6.1 The pressures on TCG's Auckland-based operations are multifaceted and prevent it from maximising the efficiency of those operations. They are putting time pressure on TCG to make a decision as to the best method for addressing them.
- 6.2 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.
- 6.3 The pressures on its current operations along with the significant costs associated with development of the Ohinewai site, mean that TCG and APL need certainty regarding the ability to develop the site as per the proposed structure plan.

AFFIRMED at *Auckland* this *4th* day of August 2019 before me:



A Solicitor of the High Court of New Zealand



Stefan Geertsema



This is the document marked "A" referred to within
the affidavit of Stefan Geavstema
sworn / affirmed at Auckland
this 4th day of August 2019 before me
[Signature]
A Solicitor of the High Court of New Zealand

Ambury Properties Limited
c/- David Gaze
by email: david.gaze@gaze.co.nz

Our Reference: P-000529
1 August 2019

Dear David

Proposed Ground Improvement Works Sleepyhead, Ohinewai

1. Introduction

This letter has been prepared to summarise historical and recent geotechnical investigations undertaken at the proposed Sleepyhead development site at Ohinewai and to outline the proposed works that are required to prepare the land for the proposed new Sleepyhead factory.

Initia has completed two stages of intrusive ground investigations on the proposed Sleepyhead development site at Lumsden Road, Ohinewai. The investigations were undertaken to gain an appreciation of the ground conditions and ascertain the suitability of the ground for the construction of a new 18,000m² foam/underlay factory on the site. A site plan detailing the proposed building layout is attached. Future development beyond the footprint of the building is proposed for several different land use activities.

Ground investigations completed by Initia in September 2018 and recently in July 2019 have highlighted that the land in the area of the proposed factory will require ground improvement to densify the upper soils and preloading to accelerate ground settlements to facilitate the construction of the factory. A summary of these works is outlined below.

- **Dynamic Compaction.** This work will be undertaken using a 90t crawler crane dropping a 12t weight to densify the upper soils to approximately 3 m depth. The dynamic compaction is intended to mitigate the liquefaction susceptibility of the upper sandy soils during an Ultimate Limit State seismic event and to form a stiff raft to support the building. This work will generate a level of noise and vibration nearby to the works which will be monitored throughout the duration.
- **Preloading:** This will consist of placing a layer of bulk soil approximately 2 to 3 metres high to surcharge the underlying soils to a level higher than it will experience when the factory is constructed. This expedites settlement of the underlying soil layers and is expected to take several months.

A dynamic compaction trial is scheduled to be completed between the 19 and 25 August 2019. Following this trial, results will be analysed by ourselves to assess the level of densification achievable and the methodology to adopt for the production works across the site.

Subsequent stages of development are proposed on land surrounding the Stage 1 footprint. As these following stages will also require dynamic compaction, an offset of 30 m has been applied from the Stage 1 building footprint to minimise disturbance to the factory from the ground improvement works. This offset means that the Stage 1 dynamic compaction works will be required over an area of 43,000m².



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Subject to Resource Consents being approved by Council, the dynamic compaction for the 4.3 ha Stage 1 area will commence in September 2019. We expect this work will take a period of 2-3 months to complete across the Stage 1 site.

As the dynamic compaction works are completed across the site, earthworks will follow in behind to complete the required levelling of the site and formation of the design subgrade levels. Preload (material placed over the surface of the building platform level) will then need to be placed. We expect the earthworks and placement of preloading will take approximately 3 months to complete. The preloading is expected to need to remain in place for a period of approximately 6 months to ensure all settlement has occurred from the underlying soils, however, this is subject to detailed analyses still underway and confirmation by field monitoring of settlement during the preload period. Following completion of ground settlement, the preload will be stripped to the level of the building platform. Construction of the building can then commence.

A proposed timeline of works is presented below in Table 1.

Table 1: Preliminary Ground Improvement and Preparation Works Programme

Phase	Activity Description	Estimated Duration	Target Start Date ¹	Target Completion Date
1	Ground Improvement (Dynamic compaction)	2-3 months	Sept 2019	Nov 2019
2	Earthworks to form building platform levels and preload placement	3 months	Oct 2019	Dec 2019
3	Preload hold period	6 months	Nov 2019	Jun 2020
4	Strip Preload	2 months	May 2020	Jul 2020
5	Construction Commencement	-	June 2020	-

Note 1. Activities will be running concurrently where possible to optimise programme.

Completion of these works to the above programme is critical to ensure the construction of Stage 1 may begin as soon as possible.

2. Applicability

This letter has been prepared for Ambury Properties Limited, with respect to the brief provided to us. The advice and recommendations presented in this report should not be applied to any other project or used in any other context without prior written approval from Initia Limited.

Yours sincerely,



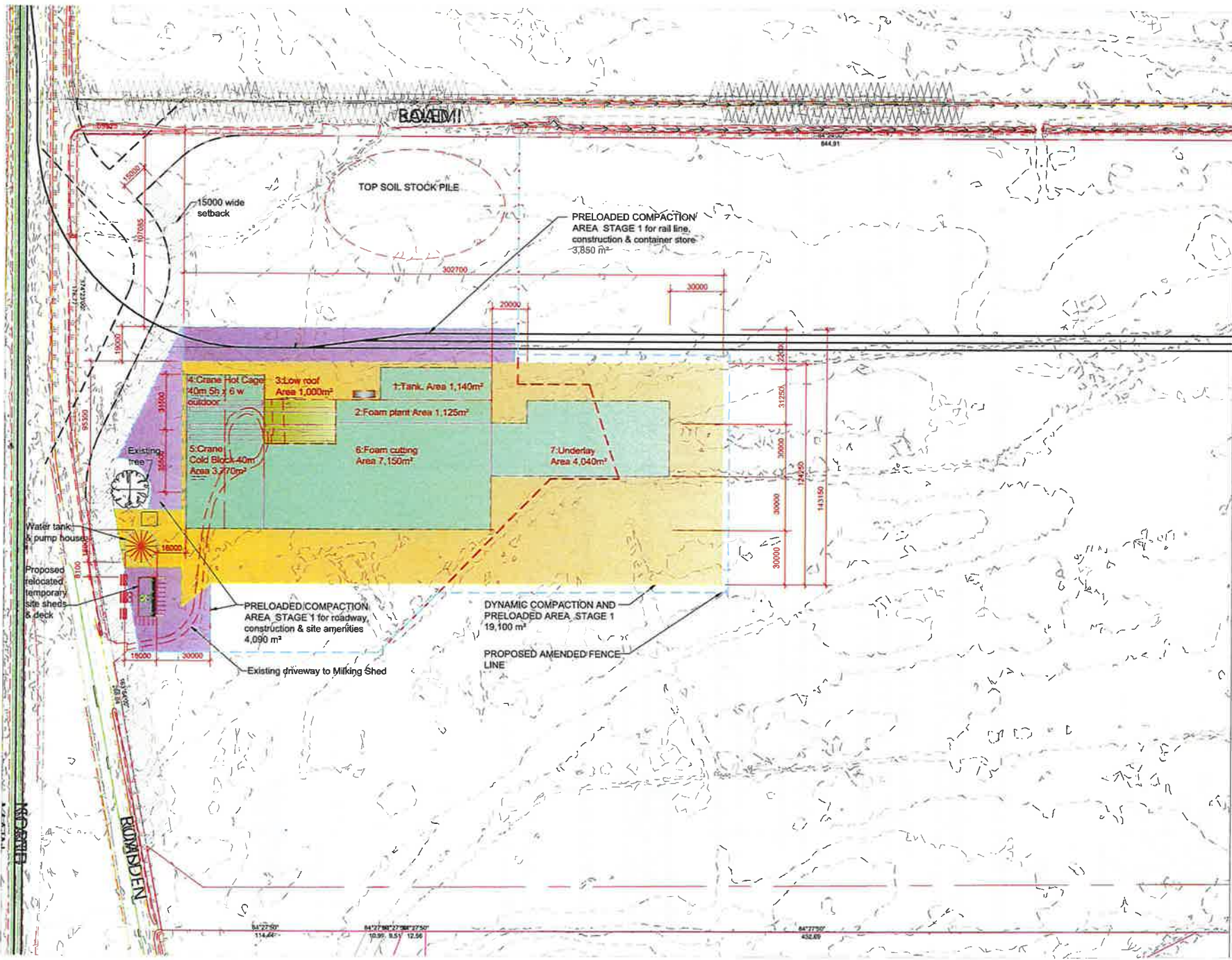
Nick Speight

Attached:

Proposed Site Layout Plan including Dynamic Compaction Works

1 August 2019
 Project Ref: P-000529
 Proposed Ground Improvement Works
 Sleepyhead, Ohinewai





FLOOR AREAS

- STAGE 1 - 18,220m²
- STAGE 1 - 3,850m²
- STAGE 1 - 3,850m²
- STAGE 1 - 3,850m²
- STAGE 1 - 3,850m²

COMPACTION AREAS

- STAGE 1 - 19,100m²
- STAGE 1 - 4,090m²
- STAGE 1 - 4,090m²

These drawings and CAD files remain the property of Gaze Commercial Limited and should not be copied in any form or printed or in any third party without prior written consent. Do not scale dimensions from drawings. Check all dimensions, bearings and access sites on the site before commencing any construction.

Discussion	NG 01.07.19
REV	ISSUE
	INITIAL
	DATE

gaze SMART PROPERTY SOLUTIONS

*Author *Designer *Civil/Structural *Delivery

ROLE	NAME	COMPANY
Level 1	Level 1	Level 1
Level 2	Level 2	Level 2
Level 3	Level 3	Level 3
Level 4	Level 4	Level 4
Level 5	Level 5	Level 5

www.gazecommercial.co.nz

LUMSDEN ROAD, OHNEWAI, NEW ZEALAND

STAGE 1 SITE COMPACTION PLAN FENCE LINE CONTOURS

COMPANY

FILE

J19-0228 RC 03 SK-22 SITE PLAN	2019/08/08	19/08/2019	REV
19/08/2019	19/08/2019	SK2251q1c	REV
19/08/2019	19/08/2019	19/08/2019	REV

SK22c STAGE 1 COMPACTION SITE PLAN FENCE LINE CONTOURS
1:1000 @ A1 1:2000 @ A3

This is the document marked "B" referred to within
the affidavit of Stefan Seertsewa
sworn / affirmed at Auckland
this 4th day of August 2019 before me



1 August 2019

Ambury Properties Limited
C/O David Gaze
Gaze Commercial Limited
35 High Street, Auckland
PO Box 758, Shortland Street
Auckland


.....
A Solicitor of the High Court of New Zealand

Level 8
Shortland Chambers Building
70 Shortland Street
Auckland 1010

PO Box 3422, Shortland Street
Auckland 1140, New Zealand

Ph: 09 379 6174

www.bbdnz.co.nz

Dear Sir,

OHINEWAI LAND DEVELOPMENT and SLEEPYHEAD FACTORY – Memorandum

Further to your request, we have provided brief summary below on the proposed Sleepyhead Factory to be constructed by The Comfort Group:

- The plans reviewed by bbd for the Sleepyhead Factory (dated 29 July 2019) include for a 18,000m² Factory facility which includes staff café, locker rooms, office area, laboratory (and other bespoke manufacturing facilities) as Stage 1 of an overall proposed 100,000m² facility.
- In our experience other similar industrial facilities of this nature, which include a number of offsite fabrication of key structural elements prior to construction commencing, overall construction could take approximately 12 months to complete.
- It is our understanding that construction may not be able to commence until March 2020 following completion of a successful earthworks season (with all relevant Consent approvals in place).

Key Documentation reviewed

Sleepyhead facility Resource Consent issue drawings dated 29 July 2019
Illustrative Masterplan Dated 12 April 2019

Should you have any queries, please do not hesitate to contact the Writer.

Yours faithfully,
Barnes Beagley Doherr Ltd



James Leuchars Reg.QS
Associate

Email: jamesl@bbdnz.co.nz
Mob: 027 412 2019



SLEEPYHEAD ESTATE

MASTERPLAN SUMMARY



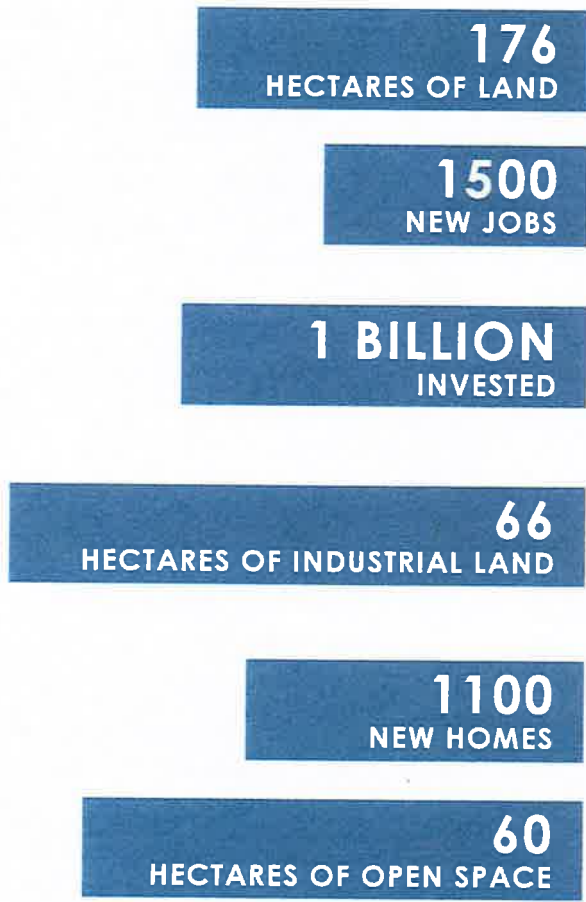
JULY 2019

A Solicitor of the High Court of New Zealand

This is the document marked "C" referred to within
the affidavit of Stefan Geertens
sworn / affirmed at Auckland
this 4th day of August 2019 before me

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Sleepyhead Estate consists of 176 hectares of marginal rural land which will be remediated and transformed into a mixed use community.

Sleepyhead Estate will create in excess of 1500 new jobs for the local community. Additional jobs will be created during the construction phases of the project having a direct positive social and economic impact on Huntly Township and Ohinewai Village.

Investment in infrastructure, construction of industrial, outlet stores and homes, and development of the open spaces and streets will pump 1 billion dollars of investment into the local district.

Sleepyhead Estate includes 66 hectares of industrial land including light industry, factory outlet shops, a service centre, local community shops and various community focused enterprises and facilities. The anchor industrial user will be a new 100,000m² Comfort Group factory.

A mixture of free standing and attached homes will offer a diverse range of housing choice at a range of affordability levels. Up to 3000 people will call Sleepyhead Estate home.

Large areas of land will be converted into public recreational and nature restoration reserves. Open spaces will have diverse functions and provide social, health, ecological and environmental benefits.

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Prepared for **The Comfort Group** by **Adapt Studio Ltd** with assistance from:
 Gaze Commercial, BBO, Woods, Initia, Geosciences, Marchall Day, E.C.S, Envivo,
 Property Economics W. Gumbley Ltd, Ecology NZ, Vitruvius, XFire & Holmes Fire,
 ADM & OS, Build Media, Waikato Tainui

DATE 15 July 2019
 VERSION SUMMARY VERSION FOR SUBMISSION
 REVISION -
 FILE NAME 1805_027_Ohinewai_Masterplan_Report_Summary.indd

1.1 EXECUTIVE SUMMARY

Sleepyhead Estate is a mixed use masterplanned community strategically located within the golden triangle with strong links to Auckland, Hamilton and Tauranga. The site is approximately 176 hectares in size and is located next to State Highway 1 and the North Island main trunk railway line. Sleepyhead Estate will act as an industrial hub for Huntly and will provide much needed social and economic support for the district and deliver high quality, healthy and affordable homes.

This masterplan report has been prepared by Adapt Studio on behalf of The Comfort Group to help advance the project and to create a vision for this place. The Comfort Group are planning on building a 100,000m² manufacturing plant on the north western corner of the site and are the catalyst and anchor industry partner for this project. The Comfort Group includes household brands such as Sleepyhead, Sleep Maker and Dunlop Foams. Long term this facility alone will employ up to 1000 people.

This masterplan is a guiding document which ensures that the new Comfort Group facility is well integrated with the industrial hub and that the employees are able to live in close proximity in quality, healthy and affordable homes. The facility will be connected to the main railway line via a new rail siding. This rail siding will facilitate cargo movements to and from Auckland and Tauranga ports taking heavy trucks off of the road.

A Cultural Impact, and Social Impact Assessment is currently being undertaken as is an Assessment of Economic Effects. An Archaeological Assessment has been undertaken and no archaeological findings have been discovered on the site to date. Discussions are

underway between Waikato-Tainui and The Comfort Group about a proposed training facility which would be tasked with training youth in trades to widen their career opportunities. Discussions are also being had with Matahuru Marae and Waahi Whanui on potential collaboration opportunities and their role in the project. Waahi Whanui forms part of the wider network of the tribe of Wakato Tainui and will be a key partner moving forward.

The Huntly district has long struggled to attract enterprises which provide employment for their population. This project will be a catalyst for the re-energisation of the district providing stable jobs and quality affordable homes. It will create up to 1500 new jobs and up to 1100 new homes. It will include extensive recreational reserves, community facilities, convenience retail and be well connected to nearby Huntly town so that residents have access to everything that they need to live happy and productive lives. Land is becoming scarce and housing is intentionally proposed at a higher density to help ensure the environmental footprint is minimal, and so that houses are affordable.

Further to housing and the new Comfort Group facility, the project includes factory outlet stores, a service centre and an additional area of light industrial land use. These land uses will create further jobs for the region and reduce the number of people living here having to travel to the larger centres in Hamilton or Auckland for work. They will also provide much needed additional employment and social services for Huntly and the wider district. Sleepyhead Estate will support and increase the roll of the existing Ohinewai Primary School and Huntly College.

Sleepyhead Estate is well connected being located on a full north and south interchange with State Highway 1. There is the opportunity to re-establish the historic Ohinewai train station and connect to the Hamilton to Auckland commuter rail service which is planned to commence in 2020. Shared paths are planned to connect the project to the existing Ohinewai town, the Waikato River and further south to Huntly. Two pedestrian and cycle bridges over the railway line and Expressway will facilitate grade separated connections to the west.

Sleepyhead Estate will become a major employer for the region, serve as an industrial hub for Huntly, improve social and economic outcomes for the district and provide much needed quality and affordable housing.

1.2 DESIGN PRINCIPLES & VISION

Sleepyhead Estate will re-invigorate the existing township of Ohinewai and nearby Huntly by investing in the creation of an industrial hub, quality housing stock, social services and facilities, and a network of high quality open spaces. It will be sensitive to the existing natural environment, mana whenua values and help to improve environmental outcomes for the district.

As a place to live it will provide a viable alternative to city life with the charms of living in a rural setting. It will be a community supported by stable employment with on site conveniences and retail support from nearby Huntly. It will facilitate economic and social improvements for the surrounding Huntly district and create a mixed use community that New Zealander's want to live in.

Conceptually it will offer land, house and job packages to people looking for new opportunities in the Waikato and provide much needed jobs for the existing residents of Huntly. Below are eight design principles which have informed this masterplan, and will continue to inform future phases of the project.

Sustainable Mixed Use Community

A sustainable community is one that cares for its people, cares for the land and endures. It balances social, economic, cultural and environmental needs. Sleepyhead Estate will provide employment, housing, recreational areas, social services and key conveniences for people to live, work and play here. It will improve environmental outcomes and create extensive restoration areas which will improve the water quality of run-off flowing into Lake Waikare.

Well Connected

A varied and robust transport network is critical for any new green-fields development. Sleepyhead Estate will provide daily necessities for residents such as a corner shop, access to the local primary school, employment, a community hall, social services, emergency services and convenience retail on site. These facilities will be

in close proximity to where people live and connected through a series of walking and cycling paths. Easy access to the Waikato Expressway is also available and the opportunity for inter-city bus and train connections will be strongly advocated for. A rail siding is proposed to connect the industrial hub to the international ports at Auckland and Tauranga via rail. Sleepyhead Estate will form strong connections to Huntly and assist in the re-vitalisation of this community.

Strong Identity

Sleepyhead Estate seeks to foster its own identity while respecting the identity, character and mana whenua values of the wider region. It will draw reference from working towns of the past which provided the facilities that workers and residents needed to live a happy and productive lives. Mana whenua narratives will be evident in its public spaces and the regions history will be strongly represented. Mana Whenua will be involved in the creation of this place and specific facilities will be developed in collaboration with them to help train youth to improve their employment options.

Commercially Feasible

The project needs to be commercially feasible to deliver on any of these principles or on the project vision. Opportunities for effective and efficient use of resources must be explored but never at the cost of quality. There are opportunities to leverage economies of scale for a project of this size. Ongoing efficient use of resource, monetary and otherwise, is critical to seeing this project through to fruition. Development efficiencies will be passed on to the people buying houses or running businesses here and will ensure the long term economic sustainability and success of the project.

Healthy Residents

Health and wellbeing of people living and working at Sleepyhead Estate is critical. Social and community services, active lifestyles, quality fresh produce,

healthy homes and gainful employment have all been considered and incorporated into this masterplan. A market garden to provide healthy fresh food, and a productive beekeeping and small scale seedling planting initiative to provide honey and firewood are proposed as community led commercial activities.

Affordable and High Quality Homes

High quality and affordable housing in conjunction with good employment opportunities are very important to the success of this place. Best practice approaches to housing affordability must be explored including non-traditional ownership models such as shared equity ownership, rent to buy or community led housing initiatives. Economies of scale will also assist as will the ability to prefabricate some house components in factories located on-site. Efficient use of land and a high proportion of attached housing will also help to ensure housing remains affordable. Large areas of public and semi-private open spaces will provide high amenity value and make up for the smaller lot size.

Choice

Choice has been integrated into every aspect of the masterplan. Neighbourhoods with differing densities and orientations, lots of different sizes, differing house typologies and varying functions of open space will create a robust community where people can choose how they live. Multiple commercial opportunities have also been proposed as have multiple transport modes to provide further choice for people living here.

Environmental Excellence

A key driver of this project is the commitment to improve water quality runoff and create a large wetland ecosystem to the east of the site. This land is naturally low lying and is very well suited to cleaning on site stormwater and creating restored natural habitats. Environmental outcomes will be considered across the full project site including on private lots, public streets and across the open space network.

1.3 ANALYSIS

1.3.1 REGIONAL CONTEXT

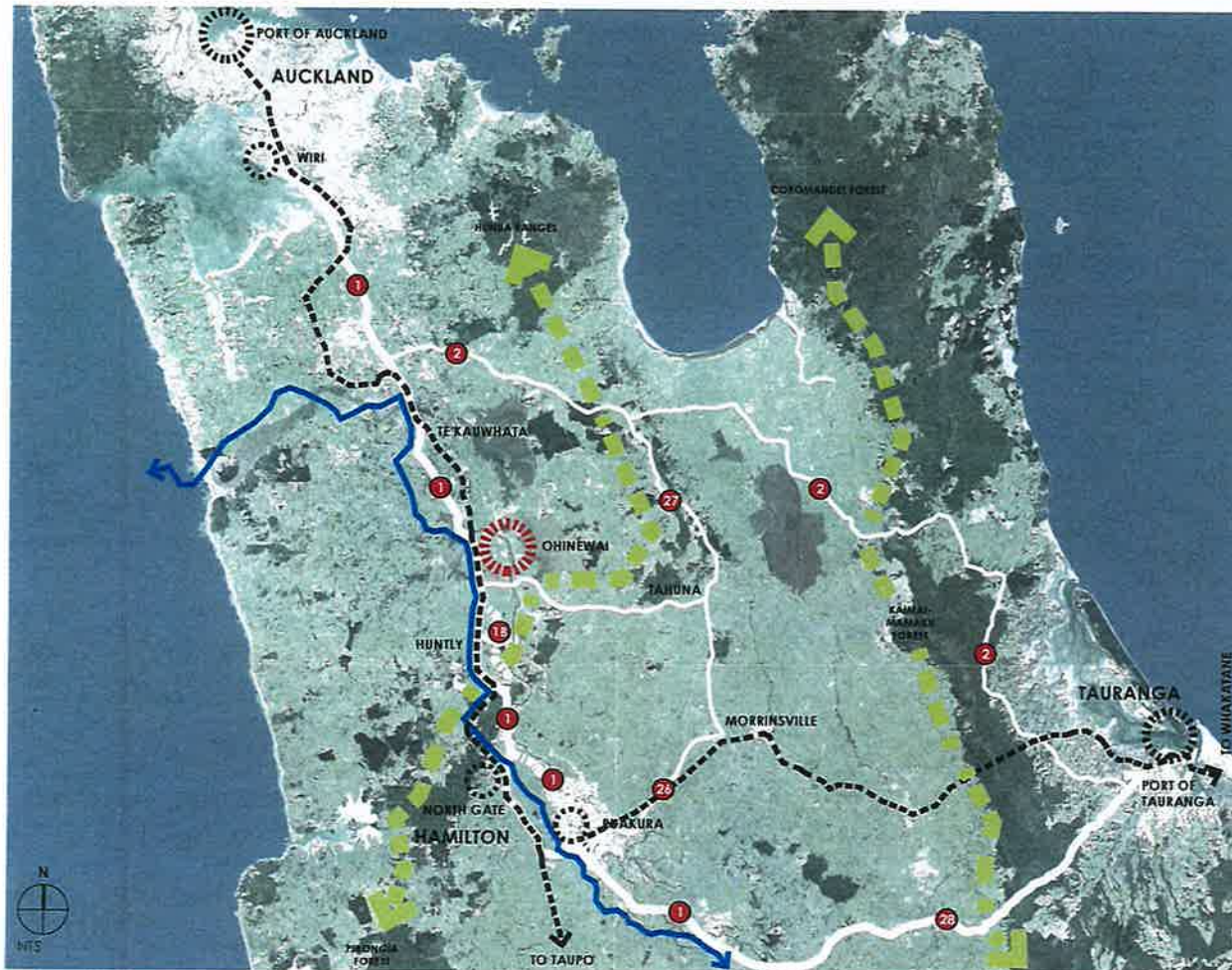
Sleepyhead Estate is strategically located within the golden triangle which is formed by the intersection of Auckland, Hamilton and Tauranga. This region houses half of New Zealand's population and creates half of the countries economic output. Sleepyhead Estate is located on the main north south infrastructure corridor with State Highway 1 and the north island main trunk railway line directly to the west.

A new Huntly section of the Waikato Expressway is currently under construction and is scheduled for completion in 2020. It will further reduce the time to travel south to Hamilton by approximately 15 minutes. The travel time is currently 35 minutes by car. The Waikato is historically a farming region with dairy farming still forming the back bone of the economy. Its landscape is diverse with coastal, plains, wetlands, hills and mountain ranges being present. Sleepyhead

Estate sits in a flat to gentle rolling landscape with multiple small to medium sized shallow water bodies scattered throughout the landscape.

Remnant stands of native bush and production forests form a potential ecological link through the site connecting the Hunua Ranges in the north to the Pirongia Forest in the south. There is also an existing network of wetlands including nationally significant Whangamarino Wetland.

Sleepyhead Estate is connected via rail to two of the countries largest international ports being Auckland and Tauranga. It is also connected via rail to current and planned inland ports of note being Wiri, Northgate and Ruakura inland ports. Sleepyhead Estate is situated adjacent to the Waikato River which is the longest river in New Zealand traveling 425km from Mount Ruapehu to its river mouth at Port Waikato on the West coast.



KEY

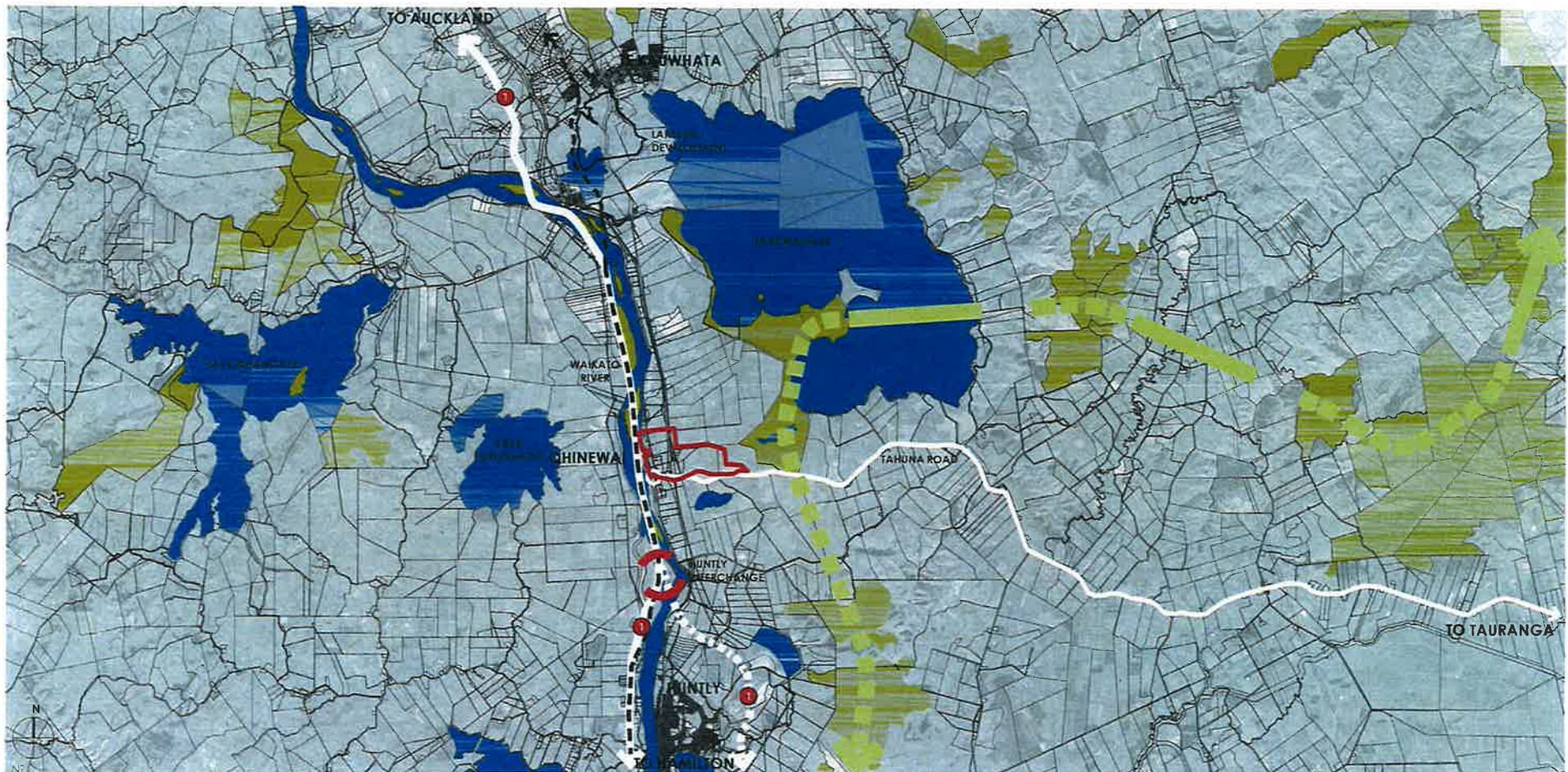
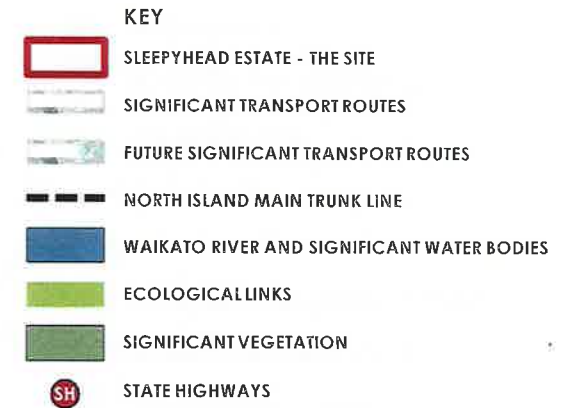
-  SLEEPYHEAD ESTATE - THE SITE
-  SIGNIFICANT TRANSPORT ROUTES
-  FUTURE SIGNIFICANT TRANSPORT ROUTES
-  NORTH ISLAND MAIN TRUNK LINE
-  WAIKATO RIVER
-  ECOLOGICAL LINKS
-  SIGNIFICANT SEA AND INLAND PORTS
-  STATE HIGHWAYS

1.3.2 LOCAL CONTEXT

Sleepyhead Estate is situated approximately 5km's north of Huntly's northern edge or 5 minutes by car and 10 minutes by car from Te Kauwhata. The site is located 500m due east from the existing Ohinewai town and approximately 800m from the banks of the Waikato River. The new Huntly section of the Waikato Expressway forks off about 2 km south of the site and will provide a direct expressway link to Hamilton. To the east of the site is an existing DOC reserve which includes Lake Rotokawau. Lake Rotokawau feeds into the larger Lake Waikare. Both lakes have water quality

issues primarily due to the surrounding rural land use. Fertiliser and stock effluent run-off into these water bodies during rain events and also leach into the soils and contaminate ground water.

Tahuna Road runs along the south of the site and can be used as an alternative route to Tauranga. There is a substantial new residential development named Lakeside being undertaken to the north on the shores of Lake Waikare and connected to the southern end of Te Kauwhata.



1.3.3 SITE CONTEXT

The Sleepyhead Estate site is 176 hectares in size and consists of multiple parcels controlled by a single entity. Tahuna Road runs along the southern boundary on a gentle ridge. The site is essentially flat except for the ridge along its southern boundary (Tahuna Road) and a smaller ridge running north south through the central part of the site. The western side of the site is at approximately RL 9m and the eastern side is at approximately RL 6 giving it a fall of 3m over about 1800m towards Lake Rotokawau. Water run-off

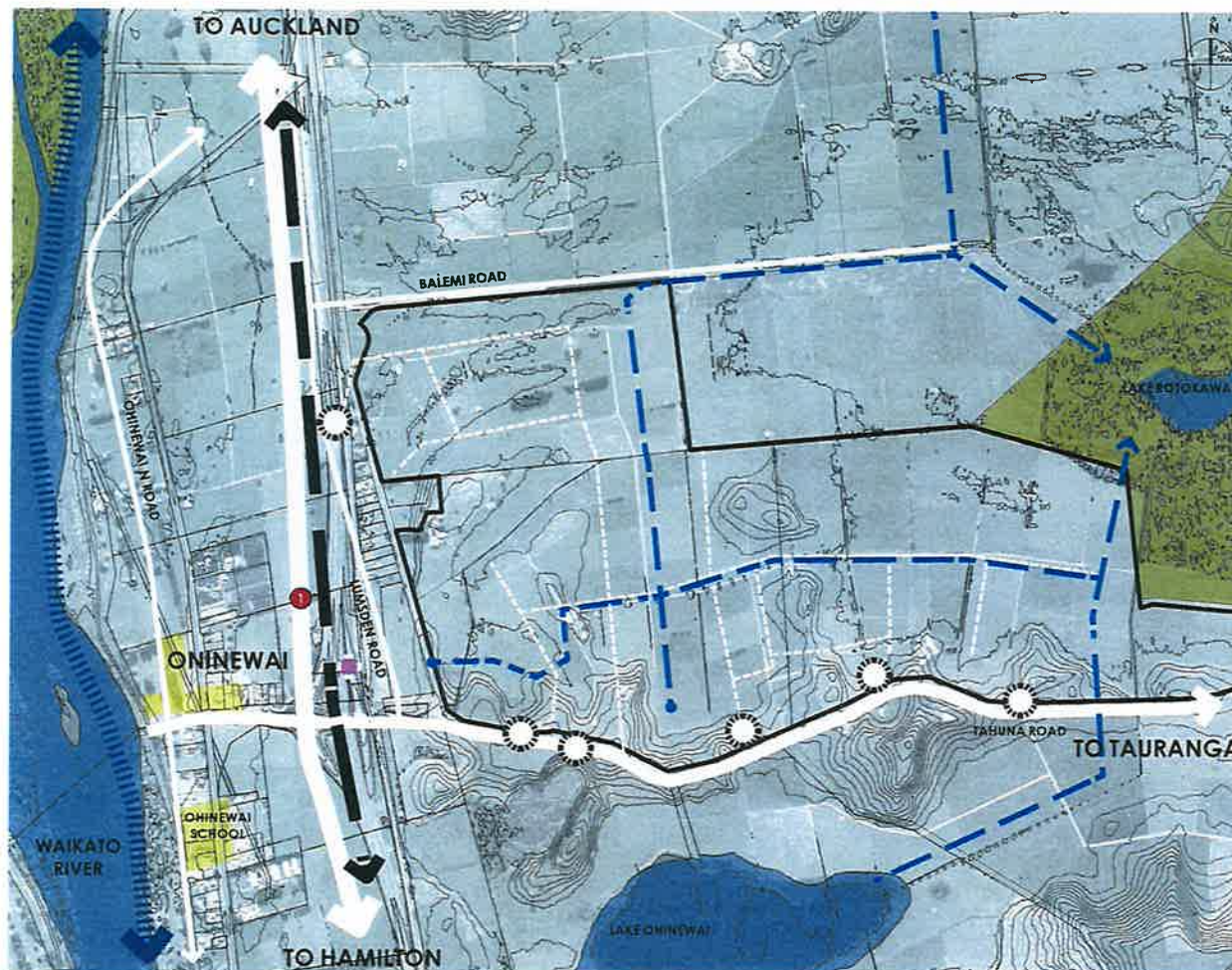
generally flows east through a series of existing farm drains terminating at Lake Rotokawau, and then into Lake Waikare.

The existing Ohinewai Village is immediately to its west sandwiched between State Highway 1 and the Waikato River. The town is in a run down state but does contain a town hall, tennis courts, rugby fields and a rural school catering to students form years 1 to 8. There is a sawmill to the north along Lumsden Road which is

the closest commercial activity.

The DOC reserve to the east of the site is well covered in vegetation with a mix of native wetland vegetation and some pockets of invasive weeds. Both Lake Rotokawau and the larger Lake Waikare are shallow lakes with poor water quality. There are a series of farm tracks across the site which divide the pasture into rectangular fields. Vegetation on the site is limited with some mature exotic shelter belt tree species being the only notable vegetation.

The historic Ohinewai train station is immediately to the west of the site. This station was opened in 13 August 1877 and continued to be utilised until it was closed to passengers in 1965 and closed entirely on 31 December 1978 and most likely removed. While it ran it connected Ohinewai to Auckland and Hamilton and further south.



- KEY**
- SLEEPYHEAD ESTATE - THE SITE
 - SIGNIFICANT TRANSPORT ROUTES
 - LOCAL TRANSPORT ROUTES
 - ON-SITE LOCAL FARM TRACKS
 - NORTH ISLAND MAIN TRUNK LINE
 - WAIKATO RIVER AND SIGNIFICANT WATER BODIES
 - EXISTING OHINEWAI TOWN
 - WAIKATO RIVER FLOOD BANK
 - ON-SITE LOCAL FARM DRAINS
 - SIGNIFICANT VEGETATION
 - EXISTING SITE ENTRY LOCATIONS
 - STATE HIGHWAYS
 - HISTORIC LOCATION OF OHINEWAI TRAIN STATION

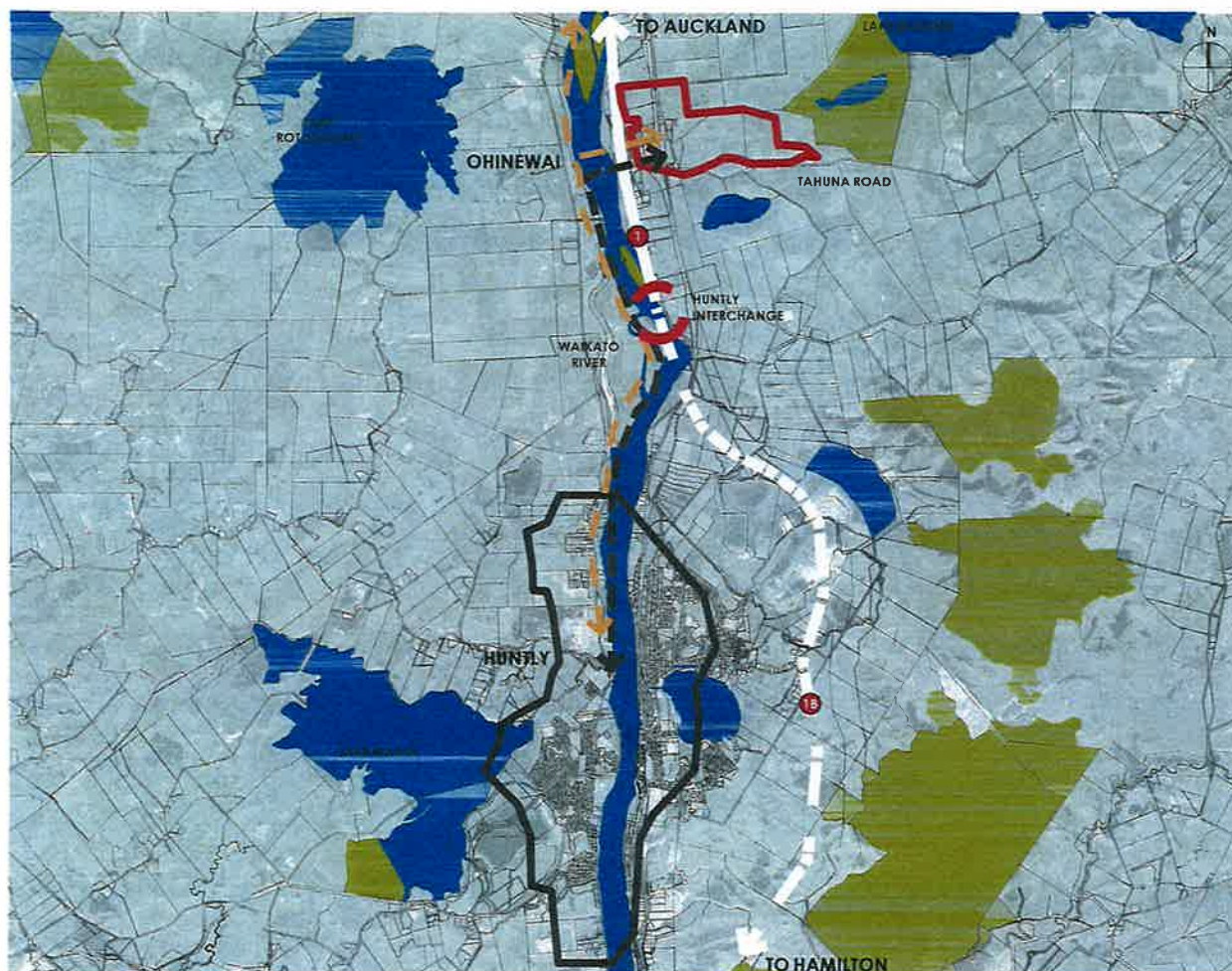
1.3.4 THE HUNTLY OPPORTUNITY

Sleepyhead Estate will be an industrial hub for Huntly and will provide social and economic support for a town which is socially deprived. The Huntly section of the Waikato Expressway is on track to be completed by 2020 which will result in Auckland to Hamilton traffic bypassing Huntly and further compounding the economic and social issues in the town.

Due to reduced traffic counts there is however an opportunity to improve the local connections from

Ohinewai to Huntly by reconnecting Ohinewai South Road to Great South Road. There will be considerably less traffic on this route with the new expressway link which results in the opportunity for on street cycle paths and improved footpaths. This would be an excellent link for people who either live in Huntly and work at Ohinewai, or people who live at Ohinewai and shop at Huntly.

There is an opportunity for a recreational pedestrian and cycle path along the Waikato River which could connect into Sleepyhead Estate through the proposed shared path along Tahuna Road. Both the road and the shared path connections are approximately 5km from the two towns northern and southern boundaries and would facilitate excellent connectivity between the two towns.



KEY

-  SLEEPYHEAD ESTATE - THE SITE
-  HUNTLY - APPROXIMATE BOUNDARY
-  EXISTING WAIKATO EXPRESSWAY
-  NEW HUNTLY SECTION OF THE WAIKATO EXPRESSWAY
-  OPPORTUNITY TO CONNECT OHINEWAI SOUTH ROAD TO GREAT SOUTH ROAD
-  WALKING CYCLING PATH ALONG THE WAIKATO RIVER
-  WAIKATO RIVER AND SIGNIFICANT WATER BODIES
-  SIGNIFICANT VEGETATION

1.3.5 OPPORTUNITIES & CHALLENGES

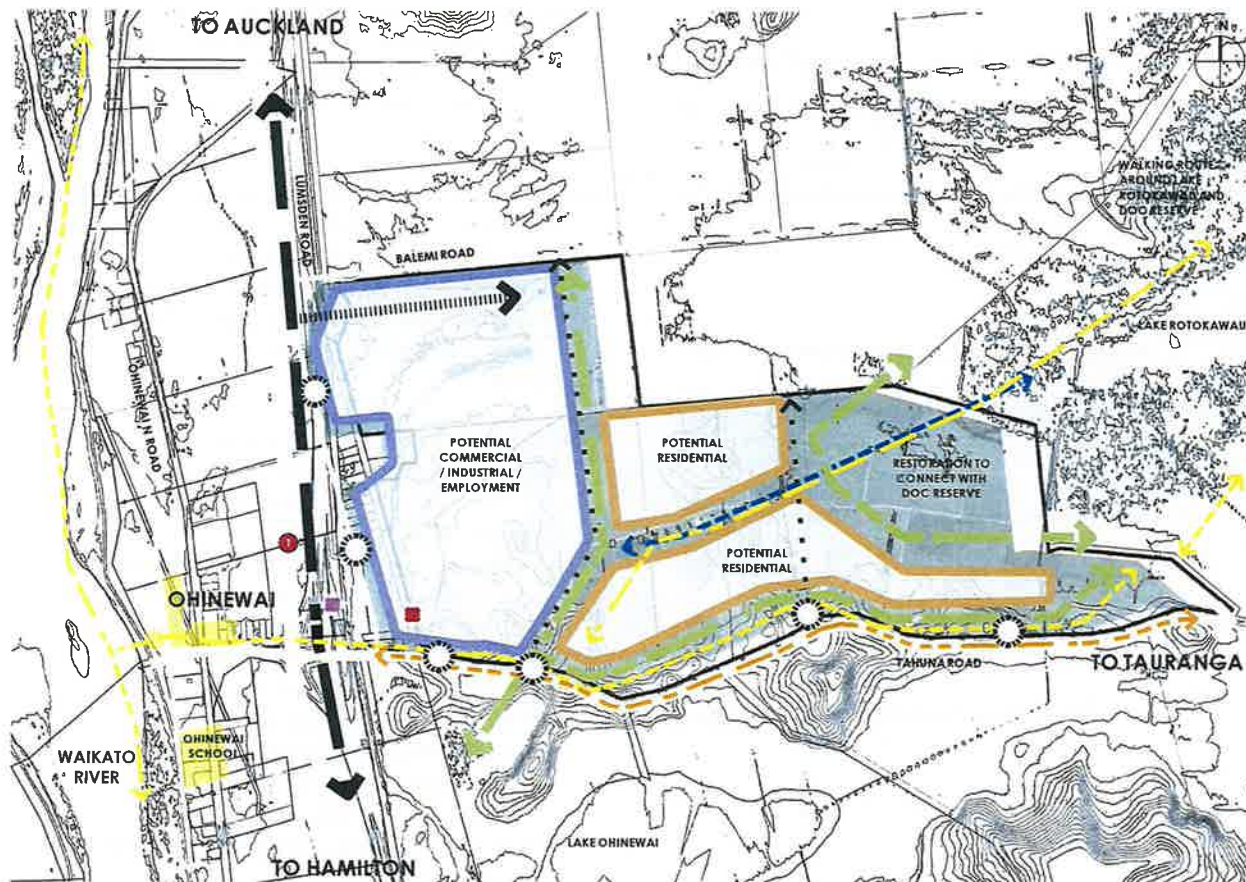
Opportunities

- Locate Industrial land next to SH1 and rail line to allow for easier transport links and rail siding
- Locate rail siding to the north to access main Comfort Group factory and allow access for other industrial tenants / owners
- Locate residential land east to connect to DOC reserve and provide separation from Industrial land use
- Locate service centre on the corner for high visibility
- Create shared paths to existing Ohinewai township, rural primary school, Waikato River, Huntly, DOC Reserve and Lakes Rotokawau and Waikare

- Re-instate historic Ohinewai train station and advocate for stop on 2020 service from Auckland to Hamilton
- Utilise existing vehicle entry points on Tahuna and Lumsden Roads if practical
- Separate north and south residential neighbourhoods by an open space which also conveys stormwater
- Create a large recreational and nature reserve in the low lying land to the east

Challenges

- Poor ground conditions - Avoid development on areas of poor ground conditions in central north - south spine and to the east - use these for open space
- Buffer existing residential dwellings from industrial use on Lumsden Road
- Buffer Tahuna Road with a strip of linear open space
- Utilise a central open space to buffer residential land from employment land / industrial land use
- Water quality in lakes is very poor - reverting from rural to commercial and residential with water treatment will improve water quality
- Site is low lying and prone to flooding - Elevate all land that is to be developed where needed
- Industrial traffic could be in conflict with residential area - separate truck movements / industrial traffic from residential areas



KEY

-  SLEEPYHEAD ESTATE - THE SITE
-  SIGNIFICANT TRANSPORT ROUTES
-  LOCAL TRANSPORT ROUTES
-  MAIN NORTH SOUTH CONNECTIONS
-  LOCAL / INTER CITY BUS CONNECTION
-  NORTH ISLAND MAIN TRUNK LINE
-  RAIL SIDING LINK TO SITE
-  REINSTATEMENT OF OHINEWAI TRAIN STATION
-  SERVICE CENTRE LOCATION
-  ON-SITE STORM WATER LINK
-  OPEN SPACE / ECOLOGICAL LINKS
-  WALKING NETWORK AND POSSIBLE CONNECTIONS
-  EXISTING OHINEWAI TOWN
-  ENTRY POINTS OPPORTUNITIES
-  STATE HIGHWAYS

2.0 ILLUSTRATIVE MASTERPLAN

Sleepyhead Estate is a design led framework which creates a new settlement adjoining the existing Ohinewai Village. The project will ultimately deliver an industrial hub of 66 hectares, 33 hectares of new housing and 60 hectares of public open space. This will equate to approximately 1100 new quality and affordable homes and up to 1500 jobs for the district. A new rail siding will be constructed and The Comfort Group will construct a 100,000m² factory and will be a major industrial anchor for the project.

The project is focused around creating a comprehensive mixed use development delivering stable jobs and quality compact homes in a beautiful rural setting.

The creation of a community is at the heart of the proposal and multiple community spaces and facilities are proposed. The street network is designed to be well connected and people friendly. Separate neighbourhoods have been organised to create a legible development pattern and contribute to a sense of place.

The mix of commercial development includes light industry, factory outlet stores, a service centre, community facilities (including a community hall), a corner shop, and market garden with cafe. Additional community spaces are located throughout the residential area to ensure that all residents have easy access to high amenity facilities and open spaces.

Shared path connections into the DOC reserve to the east will be established and potentially continue to Te Kauwhata along the shores of lake Waikare. To the west, connections will be made to the existing Ohinewai township, the Waikato River, the existing Ohinewai Primary School and to Huntly along the river.

Key water infrastructure will be treated on site including stormwater and potentially black and grey water.

* Masterplan Drawing on Following Page

KEY	
 SITE BOUNDARY	 COMMUNITY ACTIVITY NODE
 MAIN ROAD	 COMMUNITY BUILDING
 LOCAL ROAD	 WETLAND PLANTING
 COMMERCIAL BUILDING	 RESTORATION PLANTING
 ATTACHED HOME	 PRODUCTIVE PLANTING
 FREESTANDING HOME	 SHARED PATH

- | | |
|---|---|
| ① REALIGNED LUMSDEN / BALEMI ROADS SO SIDING CROSSES AT 90 DEGREES | ⑩ FACTORY OUTLET STORES |
| ② INDUSTRIAL LOTS WITH DIRECT RAIL SIDING ACCESS | ⑪ POTENTIAL FUTURE ROAD ACCESS IF ADJOINING FARM IS DEVELOPED |
| ③ PRIMARY INDUSTRIAL TENANT WITH DIRECT ACCESS TO RAIL SIDING | ⑫ COMMUNITY FACILITY / HALL / COMMUNITY HUB |
| ④ PRIMARY INDUSTRIAL TENANT OFFICE BUILDING | ⑬ COMMUNITY CORNER SHOP |
| ⑤ LIFESTYLE LOTS CURRENTLY OUTSIDE OF MASTERPLAN AREA | ⑭ SPORTS FIELDS |
| ⑥ MAIN LIGHT INDUSTRIAL AREA | ⑮ MARKET GARDEN AND PROCESSING AREA / CAFE |
| ⑦ SHARED PATH CONNECTION TO EXISTING OHINEWAI, PRIMARY SCHOOL AND WAIKATO RIVER | ⑯ SHARED PATH CONNECTIONS INTO DOC RESERVE |
| ⑧ SERVICE CENTRE WITH TRUCK STOP AND CONVENIENCE RETAIL | ⑰ ORCHARD / BEE HIVES AND PROCESSING AREA |
| ⑨ EMERGENCY SERVICE BUILDINGS AND BUS DEPOT | ⑱ FULL THREE WAY INTERSECTION. DESIGN TBC |
| | ⑲ LEFT IN / LEFT OUT INTERSECTION. DESIGN TBC |
| | ⑳ REINSTATEMENT OF HISTORIC TRAIN STATION AND POSSIBLE STOP ON 2020 SERVICE FROM AUCKLAND TO HAMILTON |



LAKE ROTOKAWAU

CENTRAL PARK

WILDERNESS PARK

LAKE OHINEWAI



3.1 SUMMARY

This masterplan report sets a vision and structure for the development of Sleepyhead Estate. Sleepyhead Estate will act as an industrial hub for Huntly and will provide much needed social and economic support for the district and deliver high quality, healthy and affordable homes. Sleepyhead Estate is envisaged as a place where people can truly live, work and play. It is reminiscent of factory towns of yesteryear. But, it incorporates modern urban design principles and is built on industry that is more diversified and resilient and less likely to suffer down-turns or move out of town.

Being in the golden triangle between Auckland, Hamilton and Tauranga is a great advantage making Ohinewai well connected to half of New Zealand's population. It will be a community of people who are looking for an affordable, quality home, a stable job and a strong community to be a part of. It will attract high quality industrial users and serve as an industrial hub for the Huntly district.

Sleepyhead Estate has great infrastructural connections with links to State Highway 1, the North Island Main Truck Railway line and the Waikato river on its doorstep. With a proposed commuter rail service between Auckland and Hamilton in 2020, there is a possibility of re-establishing the existing Ohinewai train station and have regular public transport links to Auckland and Hamilton.

Sleepyhead Estate is an exciting project for the district and for the existing settlements of Ohinewai and Huntly. It will re-invigorate these two towns and offer employment opportunities for the wider region and create much needed affordable and quality homes.

For further information contact:

David Gaze - Development Manager
e: david.gaze@gaze.co.nz





This is the document marked "D" referred to within
the affidavit of Stefan Geartsema
sworn / affirmed at Auckland
this 4th day of August 2019 before me

P O Box 358, Mosgiel 9053
9 Prudence Place, Mosgiel 9024
Phone: +64 3 455 6216
+64 21 834 279 +64 27 2869969

[Signature]
A Solicitor of the High Court of New Zealand

Exhibit D

Friday, August 2, 2019

The Comfort Group – Estimated Economic Impact of Delays

1. Introduction

- 1.1 My name is Philip Brent Wheeler. I hold the degrees of Bachelor of Arts, Post Graduate Diploma of Arts(First Class Hons.) and Doctor of Philosophy from the University of Otago. I have been asked to provide estimates of the likely economic effects of delays in the establishment of the manufacturing component of the Sleepyhead Estate project proposed by The Comfort Group (TCG) at Ohinewai.
- 1.2 TCG's property arm, Ambury Properties Limited , has lodged a submission on the Waikato Proposed District Plan requesting the zonings needed to enable the Sleepyhead Estate to be established. The company has requested a hearing and decision earlier than planned by the Waikato District Council. In that context, I have been requested to assess the economic impact of different timing scenarios.
- 1.3 My qualifications and experience are set out in Appendix I. I note that I have no conflicts of interest in undertaking the analysis set out below and that the work has been undertaken on an arm's length fully independent basis.

2. Background

- 2.1 TCG (known as and associated with various other names such as Sleepyhead) has a long history as a successful business (75 years), is a substantial employer, produces significant output in dollar terms and sells into domestic markets throughout NZ as well as exporting to a variety of Australasian and Asian markets.
- 2.2 TCG currently operates manufacturing facilities at Otahuhu and Avondale, Auckland. These facilities are operating beyond their design capacity which has resulted in inefficiencies that are impacting on TCG's ability to maintain its competitiveness. TCG has decided to rectify the by consolidating all of its operations at a single location at Ohinewai. The new, state-of-the-art manufacturing facilities will ultimately occupy 100,000 square metres and will comprise the foam manufacturing plant, mattress manufacturing plant, storage, and related access elements.
- 2.3 The current proposal will enable TCG to consolidate certain of its operations, manage risks to the business (and thus to those it employs) more adequately, continue its programme of adopting and vertically integrating each technological advance that takes place and to improve the logistics configurations the company deploys in distributing its product. In addition, it will allow a measure of net growth in output and ongoing employment.

[Signature]

2.4 TCG is committed to proceeding with the development (if the appropriate zonings are secured) and I am advised is soon to apply for the 18,000 square metre foam plant which it hopes to start building in 2020. The rest of the manufacturing facility is to be built in four 18 month stages (6 months preloading, 12 months construction) of around 20,000-30,000 square metres.

3. Method and Assumptions

3.1 This report considers the likely economic impacts of the proposal by TCG to develop a new 100,000 square metre manufacturing plant at Ohinewai. I consider that the plant will generate significant beneficial economic impacts on the district and regional economy through enhancing economic efficiency and the propagation of net beneficial multiplier effects.

3.2 The efficiency effects arise through:

- (a) Productive Efficiency – which is to be enabled by the new site and development on it.
- (b) Allocative Efficiency – which is served through re-location to a site where expanded production at greater levels of productive efficiency can be achieved; and,
- (c) Dynamic Efficiency – which is promoted both by the establishment of the new plant and the scope for expansion as innovation takes place.

3.3 The expected multiplier effects arise from direct, indirect and induced economic activity which is expected to accompany the development in both the construction phase (over 18-24 months) and the ongoing activity over and above the traditional, historical outputs of TCG's activity but enabled by the new plant.

3.4 I have undertaken a multiplier analysis to assess the additional effects of economic activity created by businesses servicing TCG from the rest of the economy (indirect effects) and the economic activity generated by households (induced effects) associated with such servicing as well as new output generated directly by TCG.

3.5 The analysis uses standard value added multipliers adjusted for opportunity cost (output and FTE employment which might be displaced by TCG growth). Data are drawn from Statistics NZ inter industry inputs.

3.6 This assessment is not based on a finely detailed analysis of the project and is confined to matters associated with the 100,000 square metre manufacturing component of the project as described above. Wider matters linked to the "Masterplan" are not considered.

3.7 The analysis focusses on the *additional* value added through the proposal, not the benefits or costs associated with the entire operation. Output and employment estimates relate only to the additions which are to be generated through the proposal.

3.8 I have proceeded as follows:

- (a) I have carried out an analysis of the likely results of the proposed development over a 10 year period from the commencement of construction to the end of the works proposed in the application;

- (b) From this value added output and full time equivalent (FTE) employment opportunities have been estimated insofar as these may be determined from current management plans and expected economic conditions over the period;
- (c) A standard multiplier analysis has been applied to the resulting data to estimate the direct (estimated value added actual dollar output), indirect (inputs to processing) and induced (inputs from households) effects of the proposal;
- (d) Multipliers used are those for the Waikato regional economy and reflect operation of the construction, manufacturing and (to a lesser extent) administrative sectors of the regional economy;
- (e) Results have been expressed as "net present values" (NPVs) of total impact for output (value added dollars) and FTE opportunities across all sectors of the economy (107 industries).
- (f) The discount rate for calculating NPVs is the project cost of capital since that is both the risk to be covered in undertaking the project and the point of departure for considering alternative investments.

3.9 The resulting figures have then been adjusted downward to reflect the opportunity cost of the resources used for the expansion (they have a value in that they could have been employed elsewhere but in a different, likely lower level of return and higher risk, use).

3.10 This process ensures a minimum of double counting and renders a conservative view of benefits. I have not explicitly counted benefits of the TCG's departure from its existing site and the environmental benefits accruing to that. They represent benefits, nonetheless.

4. Value Loss Through Delay

4.1 Value loss from delay may arise through the following processes:

- (a) Simple "time value of money" losses whereby dollar sums not invested because work is unable to commence involve dollar sums which could have been otherwise invested and yielded returns while the eventual target of the investment (the proposal which is the subject of the application(s)) waits; and,
- (b) The longer it takes for the work to commence, the longer it is before the community can benefit from the increased production promised by the proposal and the FTE employment opportunities offered become available.

4.2 Such losses are modelled through changing the timeframe parameters of the proposal and the outputs it produces. Comparisons are then made between the "ideal" timing for the project and timing given delays.

5. Scenarios Modelled

5.1 Three scenarios were modelled as follows.

The "Ideal" Scenario

5.2 This scenario assumes a successful request for an early hearing and decision, a hearing in May 2020, a decision in late July 2020, no appeals and resource consents granted for the manufacturing facility by the end of March 2021;

5.3 This ideal scenario sets the benchmark which enables the greatest benefits to be generated from the proposal.

"Intermediate Delay"

5.4 Under this scenario it is assumed that the request for an early hearing and decision is not granted and the proposal proceeds from the "standard" date, i.e., decision on the Proposed Plan towards the end of 2020 which would therefore apply;

5.5 All other parameters are assumed to hold as for the ideal scenario. In practical terms this is likely to impose a delay equivalent to one calendar year (and possibly up to 18 months).

"Intermediate Delay but with Appeals"

5.6 This scenario is identical to ii above but with the additional possibility of appeals included. Other parameters remain the same as above;

5.7 In practical terms this is likely to impose a delay equivalent to two calendar years.

5.8 It is noted that the design of the scenarios requires some "administrative license" in that exact dates and time periods are obviously not known with precision. Nonetheless the various scenarios and the delays they are likely to impose can be readily envisaged.

6. Results

6.1 The following tables set out the results of the analysis:

Summary of Total Effects			
	Total Project Value		Multiplier
	Direct	Total	
Output \$m NPV	\$81.83	\$294.52	3.60
Employment	60	132	2.20

6.2 The first table shows that the benefits at issue are considerable with total value added over the 10 year period amounting to a present value of some \$290m and FTE employment of an additional

60 jobs available per annum over and above what the firm currently generates in its present location and configuration.

6.3 The effect of delay (versus the ideal) is shown in the following tables:

No Early Hearing (No appeals, immediate decision)

Summary of Total Effects			
	Total Project Value		Multiplier
	Direct	Total	
Output \$m NPV	70.55	285.74	4.05
Employment	60	109	1.82

No Early Hearing (Appeals)

Summary of Total Effects			
	Total Project Value		Multiplier
	Direct	Total	
Output \$m NPV	58.65	249.49	4.25
Employment	60	87	1.45

6.4 It can be seen that there are significant losses occasioned by delays. These are summarised below as:

Scenario	Loss in Benefit	Percent
No Early Hearing (No appeals, immediate decision)	\$11.28	4%
No Early Hearing (Appeals)	\$23.18	8%

6.5 Under the "Intermediate" scenario there is a loss of \$11.8 m to the economy and some 60 FTE positions curtailed for a year while a two year delay imposes roughly twice this loss with two years of job opportunity for 60 FTE employees lost along with some \$23 m in value added.

7. Conclusion

7.1 The proposal being considered offers material benefits of considerable value when considered in both dollar and FTE terms. The analysis has been undertaken on the most conservative of bases and may therefore understate the beneficial effects.

7.2 Delays to the project have the capacity to diminish the value to be added – again in dollar and FTE forms. The potential losses are considerable and such delays are not able to be re-captured in any practicable manner.

Appendix I – Qualifications and Experience

Qualifications and experience

1. My name is Philip Brent Wheeler. I hold a Ph.D from the University of Otago (1980). I am a specialist in economics, notably financial economics and the economics associated with resource management. I am a Certified Securities Analyst member of the Institute of Finance Professionals New Zealand.
2. I have been employed in providing economic and financial advice to a variety of industries over the past 25 years. My experience covers assessments for central government, membership of the 1991 Resource Management Bill Review Committee, and preparation of economics effects analyses for many consent applications under the Resource Management Act 1991 (“RMA”).
3. I have previously been employed as Planning Officer, Senior Planning Officer and Deputy City Planner by the Palmerston City Corporation. As well as standard land use planning duties, I was involved in city economic development issues. I also served as Deputy Regional Planner for the Manawatu United Council. The latter role involved the development of regional plans.
4. I was also employed by the NZ Treasury as a Senior Analyst in Public Policy and in managing commercial assets and liabilities, asset sales, regulatory reform and the development of economic impact assessments.
5. I have undertaken economic impact assessment work in respect of mining and the mining industry (applications over 17 years for Newmont Waihi), casino applications and tourism, (six for the Casino Control Authority), sporting and recreational events (three Americas Cup events, motor racing, outdoor recreation), manufacturing enterprises (heavy and light processing industries), retailing (big box development, mall development and urban infrastructure design) and a variety of other industries.