Submission No 245

# HISTORICAL DEVELOPMENT CONSENTS IN NSW

**Organisation:** OzyHomes

**Date Received:** 4 September 2024

#### 4 September 2024

Mr Clayton Barr MP
Chair, Legislative Assembly Committee on Environment and Planning
Parliament of New South Wales
Parliament House, Macquarie Street
Sydney, NSW, 2000



By email: environmentplanning@parliament.nsw.gov.au

Dear Mr Barr

#### Historical development consents in NSW

I am one of the directors of Manyana Coast Pty Ltd.

Manyana Coast owns Lot 172 DP 755923 and Lot 823 DP 247285, located on Berringer Road, Cunjurong Point Road, and Sunset Strip, Manyana.

The housing development of this site is known as Manyana Beach Estate.

I understand that the Committee wishes to attend the site in relation to this Inquiry.

I have considered the submissions already made to this Parliamentary Inquiry to understand why this site has been selected.

At the outset, I wish to state that I am surprised that about a quarter of the submissions which refer to specific developments (and which are available to view online) refer to Manyana Beach Estate. Consent for this subdivision was only granted in 2008, by the then Planning Minister. It is not a consent or approval granted when planning and environmental laws were non-existent or less rigorous.

In this context, it is extraordinary that the drive for such a costly Parliamentary Inquiry has at least in part been based on a subdivision like this. We trust that the Committee will be discerning in relation to the requests for reform proposed by submitters, given that acting on many of those suggestions would involve a radical change to our system of property and planning law, and significantly impact much needed housing supply.

This submission includes the following Annexures:

- General comments on the submissions made to this Parliamentary Inquiry.
- Responses to themes raised in submissions made which directly reference Manyana Beach Estate.
- Other comments with regard to the terms of reference of this Inquiry.

A copy of some of the approved plans showing the staging for the Manyana Beach Estate subdivision is attached. This may change further depending on the Commonwealth's decision making under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act).

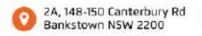
Manyana Coast requests that the Committee consider this submission ahead of any site inspection so that it is properly informed of the site, the approved subdivision, and our position regarding the so called "zombie" development consent issue in the context of our development consent.

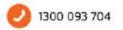
Yours faithfully

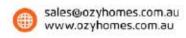
Ghazi Sangari

Director, Manyana Coast Pty Ltd

Quality Builders for generations to come







### Annexure 1 - General comments on the submissions made to this Parliamentary Inquiry

The way that submitters have interpreted "historical consent" and "zombie DA" seems to differ. It appears that there exists a preconceived view before this Inquiry began that our housing development at Manyana Beach Estate fitted into these categories given the media articles about it, as well as Cate Faehrmann MP's website which states:

"Alongside new approvals, old ones that have lain dormant for decades are springing back to life. Known as "Zombie" or "Legacy" development approvals (DAs) they've sidestepped current planning laws, including the need to undertake ecological and cultural heritage impact assessments."

That description uses quite emotive language but when the facts relating to Manyana Beach Estate are objectively considered, that description does not actually apply to this consent.

Our understanding of what is meant by "historical consents" is that it relates to development consents which have been properly commenced, and therefore have not lapsed, but which have not been completed. The component that is unclear is the length of time that is considered "historical".

As you would be aware from other submissions made for this Parliamentary Inquiry, the Manyana Beach Estate subdivision consent was granted in 2008. We do not consider this to be an era where environmental controls were lax, and the degree of assessment that the application underwent and conditions imposed by the then planning Minister bears testament to this.

When Manyana Matters Environmental Association (MMEA) first started raising complaints about this consent in 2020 (post-bushfires), the consent was only 12 years old. The only reason that physical works have not progressed on the site since 2020 is due to the EPBC Act assessment process which has been occurring for the past 4 years. Considering Cate Faehrmann MP's above description, this is not a consent that has "lain dormant for decades" (emphasis added).

This consent has been physically commenced, as acknowledged by Council's submission to this Parliamentary Inquiry, Council issued a construction certificate for Stage 1 in December 2019, noting that our application for a construction certificate was initially made on 18 November 2017, and was then delayed by Council for a significant period of time.

It also cannot be said that Manyana Beach Estate has "side stepped... the need to undertake ecological and cultural heritage impact assessments". Those assessments were in fact undertaken when the development application was being assessed. An Environmental Impact Statement was prepared, as was a Aboriginal Archaeological Assessment, which are both referred to in the conditions of consent.

The Committee should not be under any misapprehension that those steps did not occur.

Based on the submissions that the Committee has received, it may have a perception that no environmental assessment has occurred since consent was granted in 2008. We ask that the Committee critically consider the submissions it has received about this project, because there has been a lot of misinformation and inaccuracies published in the media about this site. This misinformation has then circulated throughout the community, who (understandably) expect that what they read online and in reputable newspapers is true.

None of the submissions mention it, but the consent for Manyana Beach Estate actually already includes an important reserve down the centre of the site for environmental protection purposes.

It is incorrect to say that there has been no environmental assessment of this site since consent was granted. Prior to the issue of the construction certificate there were various conditions of consent that had to be complied with. This included preparation of an arborist report, environmental management plan, flora and fauna management plans, and an updated report regarding 'matters of national environmental significance' (EPBC Act). These were prepared based on environmental knowledge as at 2019. These plans are very detailed and are based on up to date ecological information and study.

Furthermore, the last 4 years alone have been taken up by the (still continuing) assessment of this project under the EPBC Act, which adds further rigour. Prior to the bushfires 2019/20, the Federal Department had confirmed to us that our project did not require referral under the EPBC Act. It is not the case we were forced to refer it to the Commonwealth. We have always sought to comply with all our legal obligations at the Commonwealth and State levels, explaining our earlier 2019/20 liaisons with the Commonwealth, and have acted on the rigorous scientific knowledge that has accumulated.

During this process, numerous further ecological surveys have been carried out, not only by the ecologists engaged by us but also by ecologists engaged by MMEA and the Federal Department of Climate Change, Energy, the Environment and Water, who have been provided access to the site. The ecological assessment of this site has been extensive and robust. In fact, the assessment time under the EPBC Act for this relatively small subdivision has almost taken the same length of time as the Adani coal mine.

We urge the Committee to consider what should really be categorised as a "historical" consent. It would be quite absurd if a development was already considered "historical" before it even has a chance to be legally completed, due to still being under environmental assessment.

As a final general comment, we request that the purpose of using the emotive language of "zombie" development consents be carefully considered by the Committee. In our view it is unhelpful and appears to have created unnecessary confusion and anxiety in the community. We are aware that this likely suits the purposes of those who are opposing the development. However, we trust that the Committee will take a more impartial and objective approach to this Inquiry.

A definition of "historical development consent" would be a useful starting point.

# Annexure 2 - Responses to themes raised in submissions relating to Manyana **Beach Estate**

In the below table we have set out some of the key themes that arise in submissions which refer to Manyana Beach Estate. Our comments are also provided in response.

	Theme raised in submissions referring to Manyana	Our comments
a)	Proposition that Manyana Beach Estate has not been assessed through the a modern environmental lens "There is no obligation on consent holders to update their plans to comply" "An outdated EIS should not be use[d]" "Today's planning laws must apply to all developments"	The EIS was prepared in 2006 and consent was granted in 2008.
		Since then, further ecological surveying and assessment has occurred since 2016. That was required by the conditions of consent so that a construction certificate could be obtained. We did update the plans, as explained in Annexure 1.
		This is probably one of the most surveyed sites ecologically in NSW. If there was something legitimate that MMEA could have found, it would have done so and would have reported it when we allowed them on the site to undertake ecological surveys in 2020. Instead there was radio silence from them regarding the results of their survey after that occurred.
		We also note that MMEA appears to randomly enter our site without our permission, as it from time to time reports various observations about flora and fauna on our site on the MMEA Facebook page.
b)	"Property owners who hold historical development consents must be required to report them to the Department of Planning";  Concern relating to new community members lacking awareness of a development consent.	It is already a requirement for councils to retain a register of development consents under section 4.58 EP&A Act.
		It would undermine confidence in the planning system (which is already stretched by other factors) if consents were liable to lapse based on whether landowners 'report' the existence of consents to consent authorities, in circumstances where there should already be registers of consents.
		The concern being raised here seems to relate more to the ability for the community to more easily search for existing consents online (e.g. on DA Tracker or the Planning Portal).
		It is more appropriate for consent authorities to be responsible for that rather than requiring it of landowners.
c)	Calls for a moratorium on development of Manyana Beach Estate; Manyana must remains "off limits to development"	It is not appropriate to single out Manyana Beach Estate for the moratorium suggested by objectors. The call for a moratorium reflects a short-sighted and overly sentimentalised view of things and gives the site undue ecological significance (there are references in the submissions to the site being an "ark" for example) relative to many other locations along the NSW coastline.
		We agree that the location is special, like much of the NSW coast, but the development is a sympathetically designed subdivision containing a reserve and other vegetation to preserve the bush character.
		There is also no immediate intention to clear any vegetation at the site anyway, as it is still being assessed under the EPBC Act. If it is approved, there may also be conditions that need to be fulfilled before clearing can commence.

	Theme raised in submissions referring to Manyana	Our comments
		For the purposes of considering Manyana Beach Estate, there is therefore no need for any consideration of a moratorium during this Inquiry.
		It is also unreasonable to suggest that the site should be "off limits to development". If it is approved under the EPBC Act, this will have been after 4 years of environmental assessment, robust public consultation and would indicate that the site is suitable for development.
		More fundamentally, the site has been zoned residential for more than 50 years (since 1964). It is currently zoned R2 Low Density Residential in the Shoalhaven Local Environmental Plan 2014. There has been no proposal by anyone to down-zone the site. The legal system's mechanism to ensure sites are "off limits" to certain types of development is through zoning, and despite the Council's support for a "special conservation reserve" it has not sought to change the long and continued historical zoning.
		The Council has also installed sewer and water infrastructure to support the subdivision, funded by contributions paid in accordance with Council's contributions plan.
d)	Physical commencement:	The Environmental Planning and Assessment Regulation
	Calls for the legislation to revert to  "substantial commencement" instead of  "physical commencement";  Stricter regulation of "commencement";  Clarify the definition of "commencement";	2021 (NSW) since May 2020 has recently included a more stringent test in section 96 ("When work is physically commenced"). Section 96(2) also states: "(2) This section does not apply to a development consent granted before 15 May 2020." This indicates that retrospective application of this provision has been
	Retrospectively apply an updated definition of "physical commencement" to "all DAs regardless of when they were approved";	considered and expressly decided against.  Any new law which is to apply retrospectively needs to be very carefully considered. Retrospective changes to rights generally offends the rule of law - law must readily known and available, as well as certain and clear.
	Recent changes to "physical commencement" "do not raise the bar significantly".  Some States in the United States have	Retrospective application of a higher bar for physical commencement would have the practical consequence of countless development consents across NSW being considered to have lapsed.
	shorter commencement periods.	It is difficult to see how this would help the already convoluted planning system in NSW and would seriously undermine confidence in the system if such a fundamental change could be made to apply retrospectively. It would cause all sorts of financing issues with banks.
		The submitters that have asked for retrospective application of a higher bar have not included any consideration of the far-reaching consequences in their submissions.
		Projects rely on consents for both construction and ongoing use. If a consent is now held to a higher "commencement" bar, which it cannot meet based on actions done in the past, those consents would be compromised. This would effect all types of projects across NSW, even the legality of the continued use of individuals' homes.

	Theme raised in submissions referring to Manyana	Our comments
		Certainty regarding the status of development consents would be undermined if the bar were raised for commencement, and retrospectively applied.
		The current 5 year timeframe before a consent lapses is an appropriate length of time. Commencement is not valid (and so a consent is still subject to the possibility of lapsing) if the works relied upon to physically commence a consent are not done in accordance with the conditions of that consent, and usually steps like obtaining a construction certificate are required before those works can occur, and those steps take time to properly complete.
e)	There is no ability for the community to	This is completely incorrect.
₹6	appeal	NSW has open standing provisions giving anyone the right to bring proceedings to remedy or restrain breaches of the EP&A Act.
		Community groups do regularly commence litigation or join proceedings, regarding development consents that they do not wish to go ahead.
		MMEA itself has brought litigation regarding this site in the Federal Court, although it discontinued that litigation against us.
		Objectors have the opportunity to make submissions during the assessment of a development application, and again have the opportunity to address the Land and Environment Court if the applicant appeals the deemed or actual refusal of a development consent.
		The current legislation allows challenges to development consents to be brought by anyone for up to 6 months after the consent is granted. A limitation period for these challenges is necessary for confidence to proceed with a development, which requires significant investment.
f)	"We do not support the sale of a property with an existing DA"  "A legal framework should be established for selling an approved DA that ensures it remains in keeping with current standards and community expectations"	Almost every sale of property in NSW occurs with an existing DA. It would be difficult to find a parcel of land in suburban NSW that has never been the subject of any DA.
		Development consents run with the land. It would fundamentally change the nature of property and planning law in NSW if the sale of a property invalidated any existing development consents and purchasers were required to obtain new consents to continue the same development (which includes use).
		It is quite an arduous process to submit all the required documents to a consent authority to obtain a development consent, and then obtain a construction certificate, and no one would go to the lengths required of the current law if the sale of the property meant that the consent was then invalidated. It would obviously change people's willingness to buy land, and the uncertainty would be priced into transactions.
		It would also be a huge burden on councils if after every sale of property, new owners had to apply for a development consent to continue a use, but for that to be assessed based on current laws.
g)	Objections to modifications can only relate to the modification	It is correct to an extent to say that objections to a modification application can only relate to a modification.

	Theme raised in submissions referring to Manyana	Our comments
		However, there is a well known case in the Land and Environment Court that has explained what gets assessed for modification applications - see 1643 Pittwater Road Pty Ltd v Pittwater Council [2004] NSWLEC 685 at [51]. In simple terms, the consent authority considers any matter which is either directly or indirectly related to what is being modified. It is appropriate that the consent authority only considers things related to the modification, as demonstrated by the example given by the Court in that case: "an application to change the colour of a building could not provide a basis to reconsider the provision of car parking for the development. The matter of car parking simply does not arise."
		reconsidering aspects of a development, with the need for there to be a level of certainty relating to consents already obtained.
h)	Misconception regarding developer contributions, "financial contributionsare locked in and woefully out of date"	Contributions are actually indexed as at the date when they are paid. It is not in a developer's interests to pay contributions early - they are very expensive and unless the project is definitely proceeding there is no point paying contributions. It depends on what the condition of consent requires, but usually contributions are paid at the time required by the conditions and not earlier. Often this is prior to the issue of a construction certificate. We have already paid over hundreds of thousands of dollars to the Council in various types of contributions in accordance with the conditions of the Consent for Manyana Beach Estate, required prior to the release of the construction certificate for stage 1.
		Early payments can be prohibitive to much needed housing going ahead, as a high start up cost without returns coming in is unduly onerous to the conditions needed to enable new housing.
		For Manyana Beach Estate, Council originally asked us to prepare a full submission designing all stages to issue a single construction certificate, only to later request that we withdraw that construction certificate application and apply instead for a construction certificate for Stage 1. There was a 2 year delay in the Council issuing a construction certificate, as explained above.
i)	"'Zombie' development applications can only be assessed under the legislation that was relevant at the time they were submitted"	If there is assessment occurring, it must mean that there is a present application that is being assessed. That might be a modification application, a referral under the EPBC Act, an application for a certificate, the list goes on.
		Assessment does not occur based on old legislation and is not dependent on the time that the original development application was submitted. Sometimes assessment occurs based on transitional provisions, but even those are current transitional provisions.
		If a modification application were to be lodged for the Manyana Beach Estate for example, it would be incorrect to say that it would be assessed based on the legislation that was relevant as at 2006.

	Theme raised in submissions referring to Manyana	Our comments
j)	"It is perfectly legal for a developer to clear their block before a construction certificate is given"	The Committee should not be led to believe that this is correct - it is not.  The construction certificate for Manyana Beach Estate that was granted by Council for example was for clearing for Stage 1 only. We could not apply for that certificate until other conditions of consent were completed prior to the issue of the certificate.  We still have to obtain certificates for the other stages too.
k)	"The government lacks the ability torevokeout-of-date development plans"; and the suggestion that development consents should be revocable without any compensation being paid to the holder of the consent ("in no other type of business is there compensation to the business owner if business conditions change").  The EDO's submission suggested that our consent cannot be revoked because it was granted by the Minister.  The other suggestion was for compensation to be "capped to unimproved land value and defined to be zero for any development consent more than 5 years old".  Requests for a mechanism to require reassessment "where the situation has changed" since consent was granted.	There is already a provision in the EP&A Act that allows for development consents to be revoked in certain circumstances: section 4.57 EP&A Act.  It also only provides for compensation "for expenditure incurred pursuant to the consent during the period between the date on which the consent becomes effective and the date of service of the notice under subsection (3) which expenditure is rendered abortive by the revocation or modification of that consent." (Emphasis added).  It is reasonable to expect those costs thrown away as a result of the revocation of a consent to be paid out by the government responsible for the revocation.  The compensation payable is significantly more constrained than that under the Just Terms Act for example for land acquisition.  In terms of capping compensation to the unimproved land value, that would have serious problems too with investor confidence to develop in NSW. It is notoriously difficult to obtain development consent in NSW, and obtaining development consent is not even the only approval that needs to be obtained. By the time a development physically commences, huge amounts of money have usually been expended in addition to the cost of purchasing the site and holding costs.  The ability in the existing legislation for a consent to be revoked is appropriately dependent on compensation being paid.  For the sake of certainty it is also appropriate that section 4.57(9) does not allow for the revocation of consents granted by the Court or the Minister.
I)	Buyback of the Manyana Beach Estate; "Significant community support to secure the site in public ownership"	MMEA often refers to our site as the "Manyana Special Conservation Reserve". However, there is no such reserve.  We were open to receiving offers for the site to be purchased back when that prospect was raised in 2020. However, there was never any offer made to purchase the site by either MMEA, the Council or the State Government.  For all the talk about a buy back, no one has been willing to 'put their money where their mouth is'.
m)	Time-limiting development consents; "There is no need for the extension of validity to be indefinite"	There was a suggestion in one submission that consents should be automatically time limited. Some submissions also suggested consents should be required to be completed within a certain timeframe.

Theme raised in submissio to Manyana	ons referring Our comments
	In terms of time-limiting consents, this is already possible by the imposition of conditions of consent: see section 4.17(1)(d) of the EP&A Act, which states:
	"A condition of development consent may be imposed if— (d) it limits the period during which development may be carried out in accordance with the consent so granted,"
	Although it is not common for such conditions to be imposed, it is not necessary to change the legislation to enable this.
	One reason that time limited consents can be problematic is that consents regulate both the construction and the ongoing <u>use</u> . If a consent has a time limit, it means that use must cease when the time is up.
	If the intention is to require construction to be completed by a certain time, there is also already provision in the EP&A Act for a "complete works order" to be issued, to complete authorised works under a planning approval within a specified time: see order 13 in schedule 5 to the EP&A Act.
	If a consent is time limited, the question then arises as to what is supposed to occur after the time is up. Does it require the associated use to stop? Does it require the works carried out in reliance on that consent to date to be removed? If any time limitation is to be imposed, these are some of the questions that will need to be considered as to how that can practically work.

The logical extension of most of the submissions referring to the Manyana Beach Estate would involve the radical reform of the NSW planning system.

It would diminish private property rights, investor confidence, and create sovereign risk. This would be on top of the current uncertainty in the assessment process. Manyana Beach Estate is a good example of this. It is a site that has been continuously planned for over 50 years for residential development. Yet recent steps have taken an excessive amount of time with the Council taking 2 years to issue a construction certificate for a single stage. More recently the Federal Department has changed the goalposts numerous times in the EPBC Act assessment process as to what issues it wanted considered, meaning more time is required for us to be able to respond. It is has now been almost 4 years since the project was referred and the process is still not complete.

MMEA has not considered the broader implications of the changes that it has proposed, and nor have those submitters who have adopted MMEA's submission. Those changes would only lead to capital going to other jurisdictions where investment has more certainty and less risk.

This would be an absurd outcome when creation of housing supply is currently the key priority of all tiers of government.

## Annexure 3 - Parliamentary Inquiry terms of reference

Some brief comments on the terms of reference are below.

That the Committee on Environment and Planning inquire into and report on historical development consents in New South Wales, including:

(a) The current legal framework for development consents, including the physical commencement test.

The current legal framework is more than adequate in relation to the physical commencement test. That test has recently been made more rigorous. It would undermine certainty of development consents if any changes were made to this test which were to apply retrospectively.

(b) Impacts to the planning system, development industry and property ownership as a result of the uncertain status of lawfully commenced development consents.

The only uncertainty at present relating to the lawful commencement of development consents is that there is no process to confirm commencement with a consent authority or certifier. It is the applicant's responsibility to ensure commencement has adequately occurred. To achieve greater certainty, and given the recent changes to the provisions relating to "physical commencement", this means we have to rely on quite obvious explanations as to how this has occurred to avoid falling into any "grey" area and risking the consent lapsing.

If a consent has been validly commenced, then it has no uncertainty regarding the status of the consent.

The detrimental impacts to the planning system, development industry and property ownership would arise if the test for physical commencement were changed with retrospective application. That would create serious problems for investment in development in NSW as outlined in Annexure 2.

- (c) Any barriers to addressing historical development consents using current legal provisions, and the benefits and costs to taxpayers of taking action on historical development concerns.
- (d) Possible policy and legal options to address concerns regarding historical development consents, particularly the non-completion of consents that cannot lapse, and options for further regulatory support, including from other jurisdictions.

As mentioned above, the power to issue complete works orders already exists.

#### (e) Any other matters.

In addition to the concerns raised above regarding any retrospective changes to planning and environmental legislation, if that were to occur it would also have consequences relating to criminal offence provisions under the EP&A Act.

The Attorney General's Department advises against retrospective criminal laws.1

Development not in accordance with a consent, for example, is a strict liability offence under the EP&A Act.

If a provision is changed with retrospective effect, it is likely that numerous developments across NSW as at the historical time when they were carried out would not comply with the new, higher bar. This is especially concerning as offence provisions have a 2 year limitation period but under the EP&A Act that can run from the date that "evidence first came to the attention" of an investigation officer, which might be the present day when the retrospective change occurs. It would be quite unfair for prosecutions to follow because of that

https://www.aq.gov.au/rights-and-protections/human-rights-and-anti-discrimination/human-rights-scrutiny/public-sector-quidance-sheets/prohibition-retrospective-criminal-laws

