

Legislative Risk

	SUB-TOPIC	LEGISLATION/ REGULATION /POLICY	SIGNIFICANT CHANGE IN FY16	SIGNIFICANCE OF IMPACT ON PROPERTY SECTOR	SIGNIFICANCE FOR MIRVAC AND ACTION BEING TAKEN
Enriching Communities	Community investment	Social Impact Bonds	Social Impact Bonds are a financing mechanism that raises capital for programs that relate to pressing social needs. Private investors provide capital to achieve social outcomes and the cost savings to governments are then used to repay the investment plus a dividend. In 2016, the Victorian government joined the NSW, South Australian and Queensland governments in exploring the use of a social impact bonds approach to tackle endemic social issues.	OPPORTUNITY As the property sector embraces holistic approaches to community development, social impact bonds may become a useful financing mechanism.	Mirvac, as an industry first, developed a tool that measures the Social Return on Investment through six areas of focus. Social impact bonds align financial returns based on measureable social and environmental benchmarks. Since this is an aspect Mirvac already measures, this presents an opportunity for Mirvac in attracting funding for its social sustainability initiatives.
	Indigenous	Aboriginal Heritage Amendment Act 2016 Victoria	The Victorian Aboriginal Heritage Act 2006 has been updated and strengthened by the Aboriginal Heritage Amendment Act 2016 to provide for explicit protection of intangible Aboriginal cultural heritage, such as stories, song and language. Traditional Owners will have enforcement powers under the Act through a new Aboriginal Heritage Officer role. Aboriginal Heritage Officers will directly protect Aboriginal cultural heritage particularly in regional Victoria. The amendment also introduces innovative and practical measures to ensure impacts on Aboriginal cultural heritage from land use and development are more efficiently managed with a new preliminary Aboriginal heritage test to remove doubt about when a cultural heritage management plan is required prior to development.	LOW This amendment has the potential to impact developments located in Victoria. The impact must be assessed on a case-by-case basis.	Mirvac have set Indigenous commitments as part of their Sustainability Strategy. This includes the development of an Indigenous Strategy culminating in the development of a Reconciliation Action Plan by 2017. The Strategy and Plan will outline its approach to facilitating protection of Aboriginal heritage and culture. It should be noted that Mirvac is focused in cities, therefore these amendments are likely to have minimal impacts.
	Social Impact	City of Sydney Social Sustainability Policy	The City of Sydney has drafted its Social Sustainability Policy which sets out the City's position on social sustainability. Subtitled 'Towards a Socially Just and Resilient Sydney', the policy outlines the City's vision and guiding principles for the City to strengthen the wellbeing and resilience of the community. An action plan will be prepared which will detail a strategy and actions the city will take to implement the policy. At this stage the policy does not outline specific targets, however it indicates that moves are being made within the City around social sustainability and resilience.	LOW The City of Sydney's Social Sustainability Policy is relevant to social planning initiatives within the property development industry. The impact depends on actions set by the City when the final report is released.	Mirvac's Sustainability Strategy is aligned with the City of Sydney Draft Social Sustainability Policy. Additionally, Mirvac's has been involved with the development of the Policy through briefings and provision of feedback.

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Re-imagining Resources	Carbon and Energy	Local Generation Network Credits	The City of Sydney, the Total Environment Centre and the Property Council of Australia have been lobbying the Australian Energy Market Commission to provide subsidies to building owners that self-generate electricity through the use of renewables. These subsidies, or Local Generation Network Credits, would be based on the long term economic benefits that embedded generators provide in terms of reducing load on the transmission grid. Embedded generators would receive credit that reflect the estimated long-term benefits. A determination is expected in September 2016.	OPPORTUNITY If a determination supporting the implementation of Local Generation Network Credits was made, it would provide significant benefit to property owners with embedded on-site generation.	If a positive determination is made, it provides additional benefits which will form part of future business cases for renewable energy generation by Mirvac.
	Carbon and Energy	VIC Renewable Energy Target	In June 2016 Victoria announced new commitments to increasing renewable energy capacity and aims to have 25% of its network served by renewable energy by 2020 and 40% by 2025. Currently Victoria's renewable energy generation provides 14% of supply.	OPPORTUNITY This announcement provides support to larger scale renewable energy projects, particularly solar and wind.	This presents an opportunity to Mirvac that can be factored into the development of business cases for renewable energy projects by Mirvac.
	Carbon and Energy	National Renewable Energy Target	The Abbott Government reduced the large-scale generation target From 45,000GWh to 33,000GWh - a reduction of 26.6%. The new target for large-scale generation will mean that about 23.5% of Australia's electricity generation in 2020 will be from renewable sources. The scheme operates in two parts - the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET). The LRET creates a financial incentive for the establishment or expansion of renewable energy power stations, such as wind and solar farms or hydro-electric power stations, while the SRES creates a financial incentive for households, small businesses and community groups to install eligible small-scale renewable energy systems such as solar water heaters, heat pumps, solar photovoltaic (PV) systems, small-scale wind systems, or small-scale hydro systems.	MODERATE The reduction of the Renewable Energy Target adds to uncertainty of low carbon generation in Australia and may potentially impact the pipeline of renewable energy targets.	There are impacts to the financial feasibility of renewable energy generation. These risks are mitigated with the launch of Mirvac Energy - a new Mirvac business that pays to install renewable energy systems, and through a partnership with a preferred supplier, sell the energy generated back to the building as an off-grid supplier. Over 1.1MW of renewable energy are already commissioned for installation in FY17.
	Carbon and Energy	NSW Energy Savings Scheme	Updates to the NSW Energy Savings Scheme (ESS) were passed by the NSW Government in October 2015. The ESS is a market-based mechanism, which sets legislated targets and provides financial incentives for households and businesses to save energy, but leaves it to the market to innovate and find the lowest-cost way of delivering energy savings and meeting the set targets. The change proposes to: <ul style="list-style-type: none"> • Expand the scope of the ESS, to include gas consumption and facilitate gas saving activities; • Extend the operation of the ESS from 2020 to 2025; • Amend the compliance and enforcement powers of the ESS's administrator on instances of non-compliance under the ESS; and • Gradually increase the energy savings targets from 5% in 2015, to 8.5% in 2019 in order to provide certainty to the energy efficiency industry and facilitate sustainable growth. 	MODERATE The updates provide extended certainty toward the continuation of the scheme.	Mirvac is actively working to reduce its energy use by aiming to be net positive in energy by 2030. These changes will support Mirvac's efforts to reduce energy use including gas. Additionally, Mirvac use ESCs as part of the business case for energy efficiency improvements and welcomes the proposed extension of the scheme to gas.

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Carbon and Energy	Senate Inquiry into Carbon Risk Disclosure	<p>While this inquiry has lapsed due to the double dissolution, the Senate's Economic References Committee had been in the process of an investigation into the mandatory reporting of carbon risk and its disclosure. This inquiry aimed to assess:</p> <ul style="list-style-type: none"> • Current and emerging international carbon risk disclosure frameworks; • Current carbon risk disclosure practices within corporate Australia; • Australian involvement in the G20 Financial Stability Board discussions on carbon risk impacts for financial stability; • Current regulatory and policy oversight of carbon risk disclosure across government agencies; and • Any other related matters. 	<p>MODERATE</p> <p>While this particular inquiry has been tabled, it indicates that the disclosure of carbon risk is part of the parliamentary conversation and the topic is likely to arise again in the future.</p>	<p>There is likely minor impacts to Mirvac because Mirvac is actively working to reduce its carbon emissions and it is already participating in reporting on climate risks and its performance through NGRS, Carbon Disclosure Projects, Global Real Estate Sustainability Benchmark and the Dow Jones Sustainability Indices.</p>
Carbon and Energy	City of Perth Environmental Strategy	<p>Still in draft phase, the City of Perth continues to prepare its Environmental Strategy that sets out its aspiration to become a more environmentally sustainable city by 2030. The plan includes a target to reduce city-wide GHG emissions by 30% by 2030, and produce 20% of the city's energy from renewable or low carbon sources by 2030.</p>	<p>MODERATE</p> <p>Impacts may be encountered for projects in the City of Perth specifically.</p>	<p>Mirvac has engaged with the City of Perth and the Perth Metropolitan Redevelopment Authority on the City's vision for Perth. Mirvac's Sustainability Strategy and targets are consistent with City's vision for a sustainable Perth.</p>
Carbon and Energy	National Carbon Offset Standards and Carbon Neutral Program Guidelines	<p>The National Carbon Offset Standard and the Carbon Neutral Program provide a framework for business and other organisations to offer their operations, products, services and events as carbon neutral. In March 2016, the federal government announced the Standard will be extended to buildings, precincts and cities. It is expected the scheme for buildings and precincts will be operational by January 2017. A committee was established including representation from local government, Barangaroo Delivery Authority, the Green Building Council of Australia, the National Australian Built Environment Rating System and the CRC for Low Carbon Living.</p> <p>In addition, the Standard is reviewed regularly by the Government to ensure it remains relevant and useful to the community. Reviews provide the opportunity to align the Standard and the Carbon Neutral Program settings with broader Government policy and consumer and business needs as they evolve. New versions of the National Carbon Offset Standard and the Carbon Neutral Program Guidelines were released on 24 November 2015. Review outcomes relating to streamlined auditing procedures, improved guidance on emissions reporting and a revised list of offsets eligible under the National Carbon Offset Standard will be implemented throughout 2016. The aim of these reforms is to make it easier for organisations to become carbon neutral, provide better opportunities for businesses to take voluntary action on climate change and give consumers wider carbon neutral purchasing choices.</p>	<p>MODERATE</p> <p>Extension of the NCOS to buildings, precincts and cities is highly relevant to property development seeking low carbon accreditations. This update will extend support and initiatives that work towards carbon neutrality goals.</p>	<p>Mirvac has a commitment to reduce carbon intensity by 20% by 2018, being net positive in energy by 2030 and generating 1MW of energy by 2018.</p> <p>Mirvac is also actively participating in the development of the Carbon Neutral Building standard.</p>

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Re-imagining Resources	Carbon and Energy	Victorian Emissions Targets	Victoria's latest iteration of renewable energy and carbon reduction targets were announced in June 2016. The renewable energy initiatives include an increase in renewable generation to 25% of supply by 2020, and 40% by 2025, and to introduce an auction scheme to allow companies to bid for long-term contracts to provide extra renewable energy. In addition, Victoria have outlined an ultimate goal for the state to become a net zero emitter of GHG by 2050. This will be achieved through the introduction of a multi-sector pledge program called TAKE2 which involves making a staged transition to a low carbon economy.	LOW Victoria's latest targets may lead to financial assistance for developers that plan projects aiming to increase renewable energy and/or reduce emissions.	Mirvac's Sustainability Strategy has committed to being net positive in energy by 2030 and to generate 1MW of renewable energy by 2018. Mirvac has also set up its own renewable energy company called Mirvac Energy. These initiatives are in line with Victoria's emissions reduction target.
	Carbon and Energy	Safeguard Mechanism	The safeguard mechanism is a key instrument of the Commonwealth Government's Direct Action scheme and will start on 1 July 2016. It will require Australia's largest emitters to keep emissions within baseline levels. The safeguard will apply to around 150 large businesses that have facilities with direct emissions (Scope 1) of more than 100,000 tonnes of carbon dioxide equivalence a year. The entity with operational control of a facility will be responsible for meeting safeguard requirements, including keeping net emissions at or below baseline levels. Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Examples are: • Emissions produced from manufacturing processes• Emissions from the burning of diesel fuel in trucks• or• Production of electricity by burning coal.	LOW Since Mirvac is not in the top 150 large businesses that emit more than 100,000 tonnes of carbon dioxide, the Safeguard Mechanisms is not likely to affect Mirvac directly. It could, however, impact Mirvac's supply chain and the availability of materials.	Mirvac has a commitment to pre-qualify at least 50% of its supply chain by 2015 on environmental and social criteria. Mirvac has also committed to undertaking Life Cycle Analysis on all new projects stating after June 2014. These efforts combined help to manage risk to Mirvac's supply chain.
	Carbon and Energy	Commercial Building Disclosure Program	The Commonwealth Government has reviewed the Commercial Building Disclosure (CBD) Program, assessing the CBD Program's objectives, the effectiveness of the program in promoting energy efficiency, and its interaction with the Emissions Reduction Fund. As a result, it was announced that lowering the mandatory disclosure threshold on commercial office buildings from 2000 square metres to 1000 square metres will take effect from 1 July 2017 which will see an additional 1,000 commercial buildings now disclose their energy efficiency when they sell or lease their property. It has also been discussed in previous years that mandatory disclosure of retail buildings may be introduced, however the review recommended the focus for the CBD program should remain on office buildings, rather than be extended to other types of commercial buildings.	LOW The inclusion of the CBD to smaller office spaces is significant as it will affect a wider portion of the market and increases the reporting responsibilities of property managers. While not a current risk, if the CBD is extended to retail in the future it would have a significant impact on the property sector, requiring expenditure on NABERS ratings for shopping centres.	The changes do not impact Mirvac significantly, because Mirvac is already disclosing its NABERS rating for commercial buildings and has no commercial assets <1,000m2.

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Re-imagining Resources	Carbon and Energy	COP21 Commitment	In agreement with the UNFCCC Conference of the Parties in December 2015, Australia announced that it will implement an economy-wide target to reduce greenhouse gas emissions by between 26% and 28% below 2005 levels by 2030. To reach this target, Australia will need strong policy. In addition, Australia's commitments were seen as inadequate by the global forum and the government will be under strong pressure to further increase reduction targets when the commitment comes under review in 2020. The statutory Climate Change Authority had recommended between a 40-60% cut based on 2000 levels in order to make an equitable international contribution that would limit global warming to no more than 2°C.	LOW Federal commitments may have a mild impact, though in general they should encourage property developers to consider carbon implications throughout asset lifecycles. In 2015/16 this has not impacted Australian policy.	Mirvac's Sustainability commitments of net zero energy, water and waste by 2030 and installing 1MW of renewable energy by 2018 put it in a good position to operate in a carbon constrained world. Mirvac welcomes a global agreement to limit carbon emissions.
	Water	Sydney Water Wholesale Pricing Review	A review of wholesale water pricing is currently underway by the Independent Pricing and Regulatory Tribunal of NSW (IPART) from which final recommendations are due December 2016. One potential outcome of this is the adoption of 'retail minus' pricing which may have a negative impact on the outlook for on-site water recycling projects. Currently, developers that run recycled water systems are under individual agreements with Sydney Water in relation to costs. However, this model is up for debate and one potential outcome is that developers may see pricing increase to the point that systems are no longer efficient and opportunity for innovation is decreased.	MODERATE It is currently unclear what changes will occur, however pricing volatility may be on the horizon within Sydney's water market.	Mirvac remains committed to reducing potable water intensity by 15% by 2018 and increasing water capture and recycling by 15% by 2018. The changes under the proposed review will make building the business case for water recycling more difficult for Sydney projects.
	Waste	Waste Levy Increases	Incremental rises to the waste levy have been announced by the WA EPA that over 5 years, prices will increase from \$55/t (2015/16) to \$70/t (2019/20) for organic waste, and \$60/m2 (2015/16) to \$105/m2 (2019/20) for inert waste. The increases will help divert the amount of waste being dumped at tips in the metropolitan area and encourage investment in alternative waste treatment options and other government initiatives to support increased recycling. Queensland continues to not impose a levy on waste sent to landfill, while increases in other states tend to increase in alignment with inflation and major changes have not been identified.	LOW WA's waste levy increases are gradual but significant, represented by a 75% price increase over the next five years for inert waste. The increases can be mitigated through initiatives that send less waste to landfill.	Mirvac has operations in states with recent significant waste cost increases: NSW, VIC, QLD and WA. Mirvac's strategy commitments will assist in minimising waste cost impacts in future years, including: 75% of waste to be recycled by 2020; zero waste to landfill by 2030. These targets will mitigate against ongoing increases in pricing for managing, transporting and disposing of waste.

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Sustainability	Victorian Environmental Upgrade Agreements	<p>The Local Government Legislation Amendment (Environmental Upgrade Agreements) Act 2015 was passed in September 2015 by the Victorian Government. The Act provides a council-based financing mechanism to help businesses access funding for building works that improve energy efficiency, water efficiency or environmental sustainability. The legislation applies to existing buildings on rateable land, provided that the building is used wholly or predominately for non-residential purposes.</p> <p>Under an Environmental Upgrade Agreement, lenders provide finance to a building owner for environmental upgrades, with the local council then collecting the repayments through its rates system and passing them on to the lender. Use of the council rates system means that loans are more secure, allowing lenders to offer more attractive loan terms. The Act extends the existing arrangements in place under the City of Melbourne Act 2001 to all Victorian councils.</p>	<p>OPPORTUNITY</p> <p>This change has positive implications for the property sector as the availability of low-rate finance is increased.</p>	<p>This presents an opportunity for Mirvac to attract funding for environmental upgrades in existing buildings.</p>
Sustainability	Sustainable Cities Investment Fund	<p>A pre-election commitment from the now incumbent government to move \$100m/year from the CEFC and create a pool of funding called the Sustainable Cities Investment Fund.</p> <p>The aim of the fund is to stimulate private sector investment, meaning projects would have to demonstrate value for money and deliver a financial return that could be re-invested in new projects. The fund would invest in projects such as renewable energy plants and installations, improved transport management systems and the retrofitting of public housing estates to make them more energy efficient.</p> <p>A separate package had also been announced committing \$50m to fund the Smart Cities and Suburbs program that encourages councils to release data to third parties (such as businesses and NGOs) to solve urban planning and infrastructure problems.</p>	<p>OPPORTUNITY</p> <p>The commitment increases funding for sustainability projects within cities and has positive implications for property development which wishes to implement sustainability initiatives.</p>	<p>This presents an opportunity for Mirvac. To capitalise on this Mirvac will keep up to date with requirements and apply for funding if the requirements are met.</p>

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<p>Land Use and Planning</p>	<p>Coastal Management Reforms</p>	<p>Introduction of the NSW Coastal Management Bill which will replace the existing Coastal Protection Act 1979 and a new Coastal Management State Environmental Planning Policy (Coastal SEPP). The new legislative framework forms stage two of the NSW Government's coastal reform agenda to better equip coastal communities to respond effectively to existing and emerging coastal challenges and opportunities. Key elements of the proposed reform package include:</p> <ul style="list-style-type: none"> • Instead of a single coastal zone, four coastal management areas will be mapped as part of the new Coastal SEPP (the wetlands and littoral rainforests area, the coastal vulnerability area, the coastal environment area, and the coastal use area) • Local councils will be required to prepare coastal management programs to set out the long-term strategy for coordinated coastal zone management that aligns with the objects of the Bill and a new Coastal Management Manual. Notably, the Bill does not specify sea level rise benchmarks for the State. However, local councils will be assisted by the Coastal Management Manual and related technical information to account for coastal processes (including sea levels) when preparing a CMP. • Replacement of the NSW Coastal Panel with a new independent NSW Coastal Council to provide advice to the Minister for Planning on coastal planning and management issues. <p>Victoria, in 2014, released the Victorian Coastal Council Strategy and subsequently, the Interim Position Paper on Coastal Governance. These reports aim to address a broader relevance of coastal management and have sought public opinion leading to the development of the new Victorian Marine and Coastal Management Act, which may replace the Coastal Management Act 1995. In addition, Central Regional Coastal Plan 2015-2020 aims to implement the Victorian Coastal Strategy 2014 in the Central Coast Region. It provides guidance to local coastal managers in preparing their own Local Coastal Management Plans. Following recent NSW reforms it may be expected that Victorian coastal management changes will follow.</p> <p>Western Australia updated its coastal management practises in 2014 through State Planning Policy 2.6 State Coastal Planning, and Queensland in its State Planning Policy 2013.</p>	<p>SIGNIFICANT</p> <p>The change creates a new framework for managing development proposals along the NSW coast. Proponents will have to ensure that development applications relating to land within a coastal management area includes an appropriate consideration of objectives, including:</p> <ul style="list-style-type: none"> • The type, bulk, scale and size of the proposed development in relation to its location and the natural scenic quality of the coast; and • The adverse impacts of development on cultural and built environment heritage are avoided or mitigated. 	<p>This will likely impact developments in coastal areas.</p> <p>Mirvac already includes many environmental parameters in its different internal processes in relation to site acquisitions and site feasibility prior to development. Any changes will need to be incorporated into existing processes.</p>

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Land Use and Planning	Greater Sydney Commission	<p>The Greater Sydney Commission (GSC) will be a NSW Government agency charged with leading metropolitan planning for the Greater Sydney Region. The GSC will have an important role in both strategic planning and development assessment in NSW. The commission is intended to function as a partnership between state and local governments, with both the power to create overarching planning proposals and the mandate to work with local governments on local planning controls. Essentially, it is a response to criticisms that the fragmentation of local councils makes whole city planning difficult. Each district will have a Sydney Planning Panel to determine regionally significant development applications (generally development over \$20 million) and to consider rezoning reviews. Sydney Planning Panels will replace Joint Regional Planning Panels. The Commission has been tasked by the NSW Government to deliver 680,000 new homes by 2031, with the aim of tackling the city's housing affordability issues.</p> <p>The principal objectives of the Greater Sydney Commission in exercising its functions are as follows:</p> <ul style="list-style-type: none"> • To lead metropolitan planning for the Greater Sydney Region; • To promote orderly development in the Greater Sydney Region, integrating social, economic and environmental considerations with regard to the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991; • To promote the alignment of Government infrastructure decision-making with land use planning; • To promote the supply of housing, including affordable housing; • To encourage development that is resilient and takes into account natural hazards; • To support ongoing improvement in productivity, liveability and environmental quality. 	<p>SIGNIFICANT</p> <p>The Greater Sydney Commission will principally relate to planning and has specific objectives to promote the supply of housing (including affordable housing) and encourage development that is resilient and takes into account natural hazards.</p>	<p>Mirvac's Sustainability Strategy includes Access and Affordability as a key theme. One of the initiatives Mirvac is trialling to address this is 'The House with No Bills' which is a pilot program to test how Mirvac can deliver a home that produces zero energy bills over a 12 month period.</p>
Climate risk and adaptation	Melbourne Resilience Strategy	<p>The Melbourne Resilience Strategy was launched in June 2016, pioneered by the Rockefeller Foundation's 100 Resilient Cities. Melbourne had already begun to take significant steps to becoming more resilient, including joining 22 other cities in signing the 10% Resilience Pledge at COP21 - a 100 Resilient Cities initiative that dedicates 10% of the city's budget to resilience-building initiatives and activities.</p> <p>The flagship actions include the Metropolitan Urban Forest Strategy, an Emergency Management Community Resilience Framework, and the Metropolitan Cycling Network.</p> <p>The City of Sydney's resilience strategy is expected to be released late 2016.</p>	<p>MODERATE</p> <p>Climate and community resilience is a key initiative for the City of Melbourne and operations within its bounds may be required to adhere to new initiatives.</p>	<p>Mirvac's commitments around Shaping the Future of Place, address a number of the issues addressed in the Melbourne Resilience Strategy.</p>

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<p>Land Use and Planning</p>	<p>Environmental Planning Framework Reform</p>	<p>A number of changes have been proposed which amend the current framework to manage biodiversity and ecologically sustainable development in NSW. Legislation is planned to be introduced to parliament in October 2016 and will impact land clearing controls, wildlife management, and how biodiversity offsets will be determined and regulated. Currently, protected native vegetation cannot be cleared unless the change improves the overall biodiversity. Under the new system, clearing of vegetation will be allowed in exchange of setting aside other areas of land or contributing to the new Biodiversity Conservation Fund.</p> <p>Repealed: Native Vegetation Act 2003; Threatened Species Conservation Act 1995; Nature Conservation Trust Act 2001; Sections of the National Parks & Wildlife Act 1974.</p> <p>Amended: Local Land Services Act 2013.</p> <p>Introduced: Biodiversity Conservation Act which replaces the legislation repeals above and introduce a new system for managing biodiversity</p> <p>In Queensland, the Vegetation Management (Reinstatement) and Other Legislation Amendment Bill 2016 (Reinstatement Bill) proposes to reinstate responsible vegetation management laws for Queensland that were removed by the previous government in 2012 and has led to large-scale land clearing. The Bill is currently in review by the Queensland government following stakeholder submissions.</p>	<p>MODERATE</p> <p>The changes impact the legal landscape relating to land clearing, biodiversity offsets, and human interaction with wildlife. The property sector may benefit from reduced land clearing laws, particularly in areas where protected vegetation currently exists through being able to utilise a more streamlined process.</p>	<p>Proposed changes will have minimal impacts to Mirvac city-based projects. Mirvac is managing impacts to biodiversity a number of ways.</p> <p>Mirvac has committed to developing a Biodiversity Action Plan on all assets by 2020.</p> <p>The Sustainable Site Selection Checklist which is part of the acquisition process has biodiversity assessment requirements within it.</p> <p>The Due Diligence Checklist also requires assessment of biodiversity impacts prior to a development.</p> <p>Mirvac has also developed a Biodiversity Assessment Matrix which will assess biodiversity values on a site before and after a development.</p>
<p>Land Use and Planning</p>	<p>Planning and Assessment Act Amendments</p>	<p>In NSW, the NSW Planning and Environment's 'Apartment Design Guide' was released in 2015 which replaces the former 'Residential Flat Design Code'. The review includes extensions to community and stakeholder consultation and resulted in a number of changes to the policy to support further improvements in apartment design, and to help improve housing affordability and supply. The changes apply to residential apartment buildings, shop top housing, multi-dwelling housing, and the residential component of mixed use developments. Notable changes include minimum car park requirements, sunlight requirements of living rooms and private open spaces, minimum ceiling heights, external windows for habitable areas, and minimum balcony areas and widths.</p> <p>In Victoria, draft new apartment design standards have been released for consultation until the 19th September 2016, titled 'Better Apartment Draft Design Standards'. The new standards aim to ensure new apartments: are well designed; meet the needs of the elderly and people with disabilities; have greater transparency to the community, and; mitigate the effects of climate change. The draft design standards provide: adequate daylight; adequate storage; minimised noise; energy efficiency and sustainability; natural ventilation; adequate outdoor space; landscaping; accessibility; efficient entry and circulation; efficient waste management, and; efficient water management.</p>	<p>MODERATE</p> <p>These changes will have an impact of the design of apartment buildings in NSW and Victoria. In NSW, this change allows councils to appoint design review panels, which advise on whether an apartment development will meet design principles. Design review panels will conduct site visits and examine how the proposed developments will relate to the streetscape and the neighbourhood. The Victorian update will require monitoring as the consultation process continues.</p>	<p>Mirvac have undertaken a review and are keeping a register of the changes compared to current regulations. Mirvac is also reviewing our typical apartment design in Victoria and NSW and comparing to the NSW and Victorian Design Guides to determine implications to our projects in Victoria</p>

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Shaping the Future of Place	Land Use and Planning	New planning requirements for bushfire-prone areas in WA	<p>The changes require those wishing to develop in bushfire-prone areas of WA (as identified by the Department of Fire and Emergency Services, and covering the majority of the state) to undertake a bushfire hazard assessment. The assessment will determine the level of construction standards for bushfire resistance to be applied, as identified in the Building Code of Australia and the Australian Standards AS3959. For example, construction standards could include the placement of ember screens over evaporative air-conditioner units, window screens, and the use of non-combustible or reduced risk building materials, and sealing off walls, eaves and roofs.</p> <ol style="list-style-type: none"> 1. Additional information now has to be included with the development application if the proposed development is in a bushfire prone area. 2. All development with higher bushfire risk now requires a Development Approval. 3. In certain cases advice from emergency authorities will have to be obtained and considered as part of the assessment of a Development Application. 4. Local Governments must now consider bushfire issues when determining Development Applications in bushfire prone areas. 5. Certain subdivision proposals will need to submit additional information with the subdivision application. 	<p>MODERATE</p> <p>Updates to planning regulations such as these will need to be taken on a case-by-case basis, however this will certainly impact planned developments located near bushfire-prone areas in WA</p>	<p>Bushfire risk is a key risk that is identified by our insurance provider through the CHIP (Combined Hazard Information Profile) report.</p> <p>The site acquisition process addresses bushfire risk through the Sustainable Site Selection Checklist and the Due Diligence checklist. Any identified risks are addressed through the design process.</p>

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Land Use and Planning	Victorian Building Code Authority	<p>The Victorian Building Authority (VBA) released the findings from its audit of the use of non-compliant external wall cladding on buildings in February 2016. The audit showed a large percentage of buildings did not comply with the Building Code of Australia (BCA) requirements and highlights a potential risk for builders and developers.</p> <p>The audit report shows:</p> <ul style="list-style-type: none"> • The BCA requirements for external walls and the certification of building materials are poorly understood by the industry and inconsistently applied; • Decisions around materials are made by different building practitioners at different stages of the building work without coordination or oversight, which tends to result in non-compliant outcomes; • The 'as-built' documentation showing the materials and methods used by the builders were sometimes inconsistent with the building permit or the permit documents were not sufficiently clear or detailed.; and, • Contractors may face a risk of being found to have breached contractual requirements if they have selected or substituted external cladding materials that did not comply with the BCA. <p>This could potentially give rise to a damages claim if the VBA or a local council orders that remedial work be undertaken to improve the fire safety of the building, such as the retrofitting of balcony fire sprinklers or replacement of the non-compliant cladding.</p>	<p>MODERATE</p> <p>While no material changes have been handed down, the inquiry indicates higher oversight by regulatory bodies may be expected in the future.</p>	<p>To manage this risk, Mirvac has set up a Supply Chain Management Risk Group and a Building Materials Working Group.</p> <p>Mirvac is also engaging with the Victorian Building Authority and other relevant government agencies to address any issues highlighted from the audit into external wall cladding.</p> <p>Mirvac also continues to monitor legislative changes with the potential to impact building materials.</p>
Land Use and Planning	Victorian Environmentally Efficient Design Local Planning Policies	<p>New policies have been released that apply to the municipalities of Yarra, Port Phillip, Stonnington, Moreland, Banyule and Whitehorse in Victoria. The policies outline that 'The overarching objective is that development should achieve best practice in environmentally sustainable development from the design stage through to construction and operation.' The policies cover: energy performance, water resources, indoor environment quality, integrated water management and Water Sensitive Urban Design, stormwater management, transport, waste management, urban ecology.</p> <p>ESD application requirements are broken into four categories. Small residential (2-9 dwellings or 50m2-1000m2), large residential (10+ dwellings, 1000m2+), small non-residential (100m2-1000m2) and large non-residential (1000m2). Small developments now require the preparation of a Sustainable Design Assessment, and large developments require the preparation of a Sustainability Management Plan.</p>	<p>MODERATE</p> <p>Developments located within the impacted LGA's must ensure compliance with the new policies.</p>	<p>Mirvac's sustainability commitments are integrated across all of its developments through the Sustainability Scorecards, therefore any impacts are likely to be minimal. Any specific requirements introduced will be incorporated into building designs in affected municipalities.</p>

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Land Use and Planning	City of Sydney Environmental Action 2016-2021 Strategy and Action Plan	<p>The release of the City of Sydney's Environmental Action 2016-2021 strategy and action plan outlines and updates a number of sustainability targets for the local government area, namely:</p> <ul style="list-style-type: none"> • 50% of the LGA's energy sourced from renewables by 2030 (an increase from 30%); • Net zero emissions of the LGA by 2050; • 70% reduction in GHG emissions by 2030; • Zero increase in potable water use by 2030 (2006 baseline); • 50% reduction in solid pollution to waterways by 2030; • 15% reduction in nutrient load discharged to waterways by 2030; • 70% recycling of residential, commercial and industrial waste by 2021; • By 2030 have 33% of AM trips to work undertaken by walking, 10% of total trips by bicycle, 80% of trips to work taken by public transport, 30% of car licence holders members of a car sharing scheme; and • Average total canopy cover increased to 50% by 2030, and 75% by 2050. <p>The city aims to achieve these targets with initial measures:</p> <ul style="list-style-type: none"> • A city-wide challenge to encourage Sydney's first net zero emissions buildings; • An energy retrofit program for residential apartment buildings; • \$10 million boost for renewable energy across the local area; • Developing a waste strategy to convert city waste into a valuable resource; and • Encouraging recycled water schemes for the city. <p>A supporting document to this strategy is the Residential Apartment Sustainability Plan which sets actions to achieve better environmental performance within the residential apartment community specifically.</p>	<p>MODERATE</p> <p>The property sector is intrinsically linked to these targets as buildings contribute around 80% of GHG emissions in the City of Sydney LGA. Ensuring strong a relationship with council is essential for the success of these targets.</p>	<p>Mirvac's Sustainability commitments of net zero energy, water and waste by 2030 exceed the targets set by this Strategy.</p> <p>Mirvac has been involved in the development of the Action Plan through input and involvement to minimise negative impacts.</p>	

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Sustainability	City of Melbourne Budget Allowances	<p>The City of Melbourne's 2016/17 budget is the final instalment of the Council's four-year plan, Council Plan 2013-17. Funding has been allocated accordingly, and is provided for a range of sustainability initiatives including:</p> <ul style="list-style-type: none"> • To complete the Melbourne Renewable Energy Project and begin the development of a replication strategy for the large energy user purchasing model; • Updating and continuing to implement the Zero Net Emissions Strategy to advance the vision of a carbon neutral city, convene a forum of business, government and community leaders to co-design a plan for partnering on future climate action; • Developing a plan to increase the uptake of renewable energy for small energy users in the commercial and residential sectors; • Delivering a trial of green waste collection in North Melbourne and Kensington; • Developing an integrated water management plan to include flood prevention and the meeting of Total Watermark targets for Council; • Completing a strategic action plan for encouraging green roofs, walls and facades, including incentives and regulatory mechanisms, and beginning implementation; • Completing the refresh of the 2009 Climate Adaptation Strategy and Implementation Plan and commencing delivery of year one actions; • Continuing implementation of the lighting strategy, including energy efficient and smart city communications technology; • Selecting preferred approach to the use of incentives and/or regulatory mechanisms to help provide solar access certainty for existing or future solar facilities, and begin implementation. 	<p>MODERATE</p> <p>Developments within the City of Melbourne may be expected to receive increasing support to implement sustainability initiatives</p>	<p>Mirvac's Sustainability commitments of net zero energy, water and waste by 2030 and installing 1Mw of renewable energy by 2018 exceed the targets set by this Strategy, thus any negative impacts are likely to be minimal.</p>
Biodiversity	Environment Protection and Biodiversity Conservation Act	<p>There have been 54 additions of vulnerable, endangered, and critically endangered species and communities to the EPBC Act which provides Australia's central legal framework to protect flora, fauna, ecological communities and heritage places.</p>	<p>LOW</p> <p>Property and development managers will need to review any changes on a case-by-case basis and ensure environmental planning is up to date.</p>	<p>There are low-risks for Mirvac in triggering the Act. To manage this risk, Mirvac currently incorporates assessment of land prior to purchase through the Due Diligence Checklist and the Sustainable Site Selection Checklist.</p>

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	Climate risk and adaptation	National Climate Resilience and Adaptation Strategy	During COP21 in Paris the Australian Government released a National Climate Resilience and Adaptation Strategy. The Strategy aims to outline the steps the Government have taken and its vision for the future, however it was widely criticised for its lack of commitment.	LOW The strategy itself does not have any material impact for the property sector as no new information or targets have been released. It does however highlight that the onus is on the market, businesses and local government divisions to ensure resilience and adaptation to the effects of climate change. Watching brief as Australia's framework is immature and at an early stage.	Through its Climate Change management actions, Mirvac is taking steps to address climate change adaptation and resilience.
Smarter Thinking	Governance	Green Bonds Standard partnership with the GBCA	<p>Australian property owners with Green Star – Performance ratings can now access funds from large institutional investors seeking low-carbon assets, since the inception of a partnership between the Green Building Council of Australia and the Climate Bonds Initiative. The GBCA's Green Star – Performance tool now meets the reporting requirements of the Climate Bonds Standard, which has been developed to help investors determine suitable investments for addressing climate change.</p> <p>The GBCA will also confidentially share data on greenhouse gas emissions from Green Star – Performance buildings to enable Climate Bonds Initiative to set low-carbon market benchmarks and associated trajectory in other property sectors - including the retail, industrial and university sectors.</p>	OPPORTUNITY This partnership makes it easier for building portfolio owners and lenders to access the green bonds market as the reporting requirements are now aligned.	This presents an opportunity for Mirvac, as its commercial buildings have undergone a volume certification using Green Star - Performance.
	Governance	Green Star Certification	<p>The Green Building Council of Australia will introduce net zero certification for buildings from 2016. The GBCA also said it would push for increased minimum energy efficiency standards in the Building Code of Australia. The GBCA plans to introduce a new label in 2016 to recognise buildings that achieve “net zero” impact in energy, carbon and water.</p> <p>Updated: Green Star Communities (from Pilot to v1.0 to v1.1 - most credit definitions have been updated), Green Star Design & As Built (updated sections: Construction Environmental Management, Greenhouse Gas Emissions, Sustainable Transport, Life Cycle Assessment, Responsible Building Materials, Sustainable Product, Construction and Demolition Waste, Refrigerant Impacts), Green Star Performance (updated credits: Green Cleaning, Commitment to Performance, Indoor Air Quality, Lighting Comfort, Acoustic Comfort, Greenhouse Gas Emissions, Peak Electricity Demand, Sustainable Transport Program, Fire Protection Testing Water, Procurement and Purchasing, Waste from Operations, Waste from Refurbishments, Ecological Value, Grounds keeping, Stormwater, Refrigeration Impacts), Green Star Interiors (v1 to v1.1 released 03/12/15)</p>	MODERATE If changes have occurred to a development's Green Star assessment, the applicant may need to formally update the version of the rating tool.	Mircac continues to be fully committed to the GBCA and Green Star, with our CEO sitting on the GBCA board and other employees being involved in working groups and strategic reviews. Mirvac has recently undergone a Portfolio Certification of its existing buildings using the Green Star Performance rating tool and is actively using rating tools such as Green Star - Design and As-Built and Green Star - Communities on different projects.

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Smarter Thinking	Governance	WELL Building Standard	Since the launch of the WELL Building Standard in Australia in 2015, 19 Australian projects have been registered. The WELL Building Standard brings a new building rating scheme to the market that focuses on the wellness of employees. The seven measured factors of air, water, nourishment, light, fitness, comfort, and mind all focus on human health and are rated to provide a WELL certification to the building. The Green Building Council of Australia has announced a partnership with the International WELL Building Institute.	MODERATE Holistic ratings and benchmarks are becoming increasingly used by the market to determine performance of assets within the property sector.	Mirvac is undergoing the certification process for WELL for its headquarters. The application of WELL on other projects will be assessed on a case-by-case basis.
	Governance	GRESB	In March 2014 the Global Real Estate Sustainability Benchmark (GRESB) launched the GRESB Health and Wellbeing Module. The new module evaluates and benchmarks actions by property companies and funds to promote the health and well-being of employees. 10 new indicators have been introduced which provide investors and participating companies with new insights on leadership, needs assessment, implementation action, and performance monitoring. The Module has two areas of focus: the promotion of health and well-being for employees, and; the provision of products and services that help promote health and well-being for tenants and other customers. The continued uptake of GRESB in the Australian and global market indicates that the market is increasingly using results to judge property owners. Globally, Australian properties lead in GRESB rankings which leads to particularly high standards and competition within the Australian market.	MODERATE GRESB is becoming an increasingly significant driver of sustainability activity in the property sector driven by investor demand for increased disclosure to limit exposure to ESG risk.	Mirvac is a GRESB participant, completing the annual GRESB Survey to benchmark the sustainability performance of its portfolio against local and international peers.
	Governance	Australian Standards	The Australian Standards framework saw updates in the following published Standards: AS3999, Bulk Thermal Insulation (requirements on installing insulation); AS9972, Thermal Performance of Buildings (standard for air tightness testing of the building envelope); and AS2890.3, Bicycle Parking (outlines minimum requirements for the layout, design and security of bicycle parking facilities). These are minor amendments to long-standing existing Standards. Changes include amendments such as changes to wording, inclusion of new technologies, reviewing measurement methodologies etc. and do not pose a significant impact.	LOW Property owners or service installers which previously adhered to the relevant standard should review the changes for any impacts to certification	Mirvac will manage these risks through the Supply Chain Risk Management Group and the Building Materials Working Group.