Sustainability Legislation and Policy Risk Review

TOPIC	JURISDICTION	SOURCE	SIGNIFICANT CHANGE IN FY17	SIGNIFICANCE LOW/ MODERATE/ SIGNIFICANT	SIGNIFICANCE OF IMPACT ON PROPERTY SECTOR	SIGNIFICANCE FOR MIRVAC AND ACTION BEING TAKEN
Smarter Thinking						
Governance	National	Green Bonds Standard partnership with the GBCA	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. 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.	Low	This partnership makes it easier for building portfolio owners and lenders to access the green bonds market as the reporting requirements are now aligned.	At the present time, Mirvac has no plans to issue green bonds as they do not offer any funding advantages over standard bonds and entail additional reporting requirements. Other forms of financing are therefore more attractive. We continue to monitor the developments in the market as things change and will reassess as necessary.
Carbon and Energy	VIC	Environmental Upgrade Agreements	Trust Capital Advisers negotiated a $1.8 million energy upgrade agreement for a 16-storey office building at 575 Bourke Street, Melbourne pre-sale. The upgrade is expected to reduce electricity usage by 34% and gas by 54%, while boosting the NABERS rating from 3 to 4.5 stars, including mechanical and BMS upgrades, sub-metering, LED lighting installation, and the installation of solar PV. Under the terms of the EUA, TCA will repay the cost of the upgrades over 10 years. The Sustainable Melbourne Fund, which financed the Bourke Street deal, are currently working on around 20 other EUA projects involving assets across Victoria. The project was signed following Melbourne's CBD EUA program being extended from its original end date of December 2015.	Low	While most applicable to B and C gradeoffice buildings in Australia and metroareas, this project and the planned EUAsare an indication this mechanism isbecoming accepted within the propertysector by both property managers andtenants, and that they are broadeninginto the industrial sector as well as thecommercial office sector.	Cost of capital generally not an issue, particularly forMirvac's A-grade and premium assets.Environmental Upgrade Agreements thereforepresent a small opportunity for Mirvac. Consideringthe complexity of setting up such agreements, this isnot something that Mirvac is actively pursuing at thecurrent time.

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Shaping the future of place						
Land Use and Planning	NSW	Environmental Planning and Assessment Amendment Bill 2017	Released in January 2017, the Amendment Bill seeks to facilitate ecologically sustainable development, promote the timely delivery of business, employment and housing opportunities (including for housing choice and affordable housing), protect the environment including the conservation of threatened and other species of native animals and plants, promote the sustainable management of built and cultural heritage (including Aboriginal cultural heritage), promote good design in the built environment, and provide increased opportunity for community participation in environmental planning and assessment. Reforms to the Environmental Planning And Assessment Act 1979 and related policies gazetted or drafted within the period include but are not limited to: - Introduction of pre-development application consultation between neighbours; and - Introduction of District Plans, which contain matters for consideration relevant to development applications or rezonings.	Low	These changes are likely to have both direct and indirect implications for development within NSW. There are likely to be increased requirements for consultation and a number of procedural changes which will tighten aspects of the planning scheme related to development applications.	The Environmental Planning and Assessment Amendment Bill 2017 is aligned with Mirvac's sustainability strategy, and our commitment to build ecologically sustainable developments.

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Land Use and Planning	NSW	City of Parramatta Planning Scheme	The City of Parramatta has prepared a Planning Proposal to amend the planning controls for the Parramatta CBD contained in Parramatta Local Environmental Plan 2011. The CBD Planning Proposal was prepared in response to the NSW Government's direction to grow Parramatta as Sydney's second CBD. The draft CBD Planning Proposal includes planning controls to capture some of the financial uplift from increasing development potential of sites. Draft amendments to the planning controls for the Parramatta CBD and the CBD Planning Proposal have been submitted to the Department of Planning and Environment but are yet to be reviewed. Key amendments include but are not limited to: › a new clause to encourage high performing buildings › rezoning of some land; › an increase in the floor space ratio permitted on some land; › an increase in the height of the buildings permitted on some land; › the removal of the height of buildings clause on some land; and › an amendment to the sun access protection clause.	Low	There are significant opportunities for developers to be involved in the development of Parramatta as a key economic, social and cultural hub for Western Sydney. The amendments to development controls incentivise innovative, leading practice design, offering uplift to floor space ratio and building height controls 'provided design excellence is achieved'. A 'Planning Uplift Value Strategy' has been proposed whereby additional residential density can be granted provided the development makes a contribution to community infrastructure.	Mirvac is aware of the City of Parramatta Planning Scheme. Business as usual for Mirvac involves investing in local economy and community infrastructure, and Mirvac will continue to do so. This is considered low risk to Mirvac.

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Land Use and Planning	NSW	Coastal Management Reforms	A new Coastal Management Act 2016 was introduced, which covers any development within the coastal environment area, expansively defined to include land adjoining coastal waters, estuaries, coastal lakes and coastal lagoons. The new Act, in conjunction with the new Coastal Management State Environmental Planning Policy (SEPP), released in draft in November 2016, will establish clear, outcome-orientated management objectives for each area (Coastal wetlands and littoral rainforests areas; Coastal vulnerability areas; Coastal environment areas; and Coastal use areas) to ensure councils apply appropriate management tools and development controls, including requiring the preparation of coastal management programs and establishing a new independent NSW Coastal Council.	Low	The new reforms introduce a range of development controls in coastal regions, and serve to consolidate existing provisions and simplify the regulatory framework for coastal management.	While these reforms are significant for the property sector generally, Mirvac's portfolio is concentrated in urban city areas and is unlikely to be affected by Coastal Management Reforms.
Land Use and Planning	NSW	Draft NSW Architecture and Urban Design Policy	The Draft Policy sets out the NSW Government's position on design in the urban environment with regards to objectives, expectations and principles for good urban design and a framework for examining places and reviewing proposals from a design perspective. The Policy outlines seven principles that are applicable at any scale (cities, public areas and buildings): 1. Contextual, local and of its place 2. Sustainable, efficient and durable 3. Equitable, inclusive and diverse 4. Enjoyable, safe and comfortable 5. Functional, responsive and fit for purpose 6. Value-creating and cost-effective 7. Distinctive, visually interesting and appealing.	Low	The Policy will form key guidance for the development of buildings and precincts within NSW.	The Draft NSW Architecture and Urban Design Policy is aligned with the objectives within This Changes Everything to design sustainable communities, and is business as usual for Mirvac, as we currently operate above well above minimum standards.

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Sustainability	National	RCLG Site Accommodation Requirements	The Responsible Construction Leadership Group have released draft specifications for sustainable construction site facilities. These specifications for best practice environmental and sustainability criteria in internal environment quality, energy use, water use, and resource efficiency are intended to set minimum standards for construction site accommodation.	Low	Developers and construction companies should consider adopting the minimum standards for site accommodation.	Mirvac has been actively involved in the preparation of the draft specifications and support their implementation on construction site around Australia.
Land Use and Planning	National	National Land Use Planning Guidelines for Disaster Resilient Communities	The Planning Institute of Australia has released the National Land Use Planning Guidelines for Disaster Resilient Communities handbook, which provides high level guidance for proactively strengthening the ability of communities to respond to natural disasters. General principles for land use planners include: creating an ongoing resilience taskforce within the organisation, promoting regional coordination, identifying key parts of the region to protect, consider long-term resilience when evaluating (re)building strategies, design protective infrastructure to do more than protect, and explore the potential of soft systems.	Low	Depending on role responsibilities, developers may consider incorporating the PIA resilience principles into the planning of precincts, or working within the principles where they are being instated by another authority within a region or area.	Mirvac's internal design guidelines for retail/ office contain general provisions relating to climate risk, such as Natural Hazard Risk Reports for new sites, which provides risk scores for risks such as storm surge, cyclone, and bushfire, as well as aspects of the Sustainability Development Plan internal tool. Mirvac also makes considerations for retail sites to act as a public refuge from extreme climate events.

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Governance	QLD	Environmental Protection (Chain of Responsibility) Amendment Act 2016	The Department of Environment and Heritage Protection (EHP) has released a statutory guideline for consideration when issuing Environmental Protection Orders (EPOs). The guideline provides instruction on issuing EPO's to entities considered "related persons", including persons with a "relevant connection" to a company, which could be interpreted to include administrator/receivers, significant shareholders, consultants/contractors and financiers.	Low	The broad definitions of "related person" and "relevant connection" have the potential to include anyone who contracts with, leases land to, invests in, or is otherwise in a position to influence the conduct of a company carrying out an environmentally relevant activity under the EP Act.	The Environmental Protection (Chain of Responsibility) Amendment Act 2016 is considered low risk to Mirvac, though will be considered moving into discussions around strengthening the management of its Supply Chain.
Climate risk and adaptation	Other	Task Force on Climate-related Financial Disclosures	A recent report commissioned by the G20 and released by the Financial Stability Board Subsequently, ASIC expressed agreement with the view that Directors must consider and disclose climate risks to fulfil their duties under the Corporations Act 2001 to the Senate committee hearing on climate change risk disclosure, while APRA announced that it will increasingly examine how banks, super funds and insurers respond to climate risks.	Low	The Task Force's recommendations and the increasing interest from regulators indicates that Australian companies should be communicating openly, both internally and with external stakeholders, on the physical and transitional risks related to climate change.	The Audit, Risk and Compliance Committee is actively assessing its position on disclosure of climate risk. Mirvac has strong history of sustainability reporting and the Board supports continuing to do so in the context of climate change.

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Land Use and Planning	VIC	Better Apartments Design Standards	The Better Apartments project is a joint initiative of the Department of Environment, Land, Water and Planning (DELWP) and the Office of the Victorian Government Architect (OVGA). The new planning rules, implemented in the Victoria Planning Provisions and all planning schemes on 13 April 2017, set minimum design standards for developers to ensure new units contain adequate light, functional storage and allow for natural air flow. Minimum sizes for bedrooms and living areas are stipulated, but the standards do not include a minimum overall apartment size.	Low	The design standards have been introduced to limit 'dog-box' apartment developments, and are unlikely to have significant impacts for major developers over and above their standard practice.	Mirvac provided a submission on the draft guidelines and are typically considering the requirements within all new jobs we're looking at in Victoria. There is no risk to Mirvac from a design perspective, though there may be implications for project viability. This is considered low risk.
Land Use and Planning	NSW	NSW Building Certification overhaul / Building and Development Certifiers Bill	In response to a Statutory Review of the Building Professionals Act 2005, and recent failings of the building certification system on fire safety, health and energy efficiency, the NSW government has signalled that it will overhaul building certification regulation. Supporting in full or in part, 72 of the reviews' recommendations, the government will introduce legislation to enhance certifier accreditation, including clarifying a certifier's roles and responsibilities, improving the independence of certifiers and strengthening complaints processes, to address the inherent conflict regarding the common practice of developers choosing their own private certifiers. The Building and Development Certifiers Bill (to be introduced within 12 months) would enable the regulator to select certifiers for high risk projects, improve complaints handling procedures, enable proactive risk-based audits and introduce new requirements around data collection and reporting.	Low	It is likely that compliance-related activities will increase on behalf of both developers and the Regulator as a result of the overhaul.	This is a low risk to Mirvac, due to normal operating procedures being well above minimum standards

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Land Use and Planning	QLD	Development Assessment Rules (under the Planning Act 2016)	The Development Assessment Rules are a new statutory instrument which sets out the protocols for the development assessment process in Queensland, including the processes and procedural requirements of the planning system. These rules replace the Integrated Development Assessment System (IDAS) created under the Sustainable Planning Act 2009 (SPA).	Low	As applicants, developers should be aware of the new instrument, though there are only minor procedural changes from the previous IDAS process.	Given that there are only minor procedural changes from the previous IDAS process, this is considered low risk to Mirvac.
Sustainability	Other	Resilience Strategies (Sydney and Melbourne)	As part of the 100 Resilient Cities program, both Sydney and Melbourne have released resilience assessments of their urban areas. The Resilient Melbourne strategy was released in May 2016, with flagship actions of developing a metropolitan urban forest strategy, an emergency management community resilience framework for Victoria and a metropolitan cycling corridor network. Sydney has released a Preliminary Resilience Assessment 2016 which identifies emerging themes for building resilience to guide the development of a Resilience Strategy for Sydney. This will provide key inputs into developing the overall Resilience strategy. Both documents focus on examining the major shocks, stresses and city trends that will need to be addressed in the urban context	Low	These documents are likely to guide planning within CBD/urban areas within the major cities, and thus will have significant impacts on development within the area. The process may also be an opportunity for developers to engage with more integrated, precinct-level design which contributes to the overall strategies outlined.	Mirvac has been actively following the progress of the resilience assessments and has been involved in the workshops for Sydney. We will continue to monitor the progress of strategy development and implementation and seek to align with broader objectives where possible.

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Reimagining Resources						
Water	NSW	Sydney Water Wholesale Pricing Review	The Independent Pricing and Regulatory Tribunal (IPART) has released its final decisions on prices for wholesale water and sewerage services provided by Sydney Water and Hunter Water. The system-wide 'retail-minus' prices will apply to new on-selling schemes where there is no recycled water plant. IPART will consider prices for schemes with a recycled water plant on a scheme-by scheme basis. In addition, the final report outlines a streamlined process for IPART to undertake reviews of wholesale prices for individual schemes. The system-wide Determinations will commence from 1 January 2018.	Low	The changes may make building the business case for water recycling more difficult for Sydney projects.	The Sydney Water Wholesale Pricing Review will impact on Mirvac's ability to reach its net positive target and may make the business case for water recycling more difficult, though this is of minimal risk.
Emissions and Carbon	National	Voluntary Standards for Net Zero Carbon Buildings and Precincts	The Commonwealth Department of Environment and Energy has released a draft National Carbon Offset Standard for Buildings and draft National Carbon Offset Standard for Precincts, expanding on the existing National Carbon Offset Standards for organisations and products and services. The draft Standards will assist building owners to measure, reduce and offset any operational emissions and give tenants guidance as to the carbon neutrality of their building or precinct. For buildings, a carbon neutral claim can be made for base building (excluding tenant or occupant emissions) or whole building operations (expected to become standard practice for the property sector). Annually, responsible entities must undertake carbon accounting, monitoring and reporting and purchasing of offset units, as required, with an independent audit every two years	Low	The expansion of the voluntary standards for net zero carbon buildings presents a significant opportunity for standardisation and promotion of zero/low carbon building design and technologies.	The Voluntary Standards for Net Zero Carbon Buildings and Precincts is considered an opportunity, as Mirvac developments are already considered highly efficient. Mirvac also has a number of commitments in its strategy to achieve net zero. This is also a risk to Mirvac, as other organisations seek carbon offsets, a practice that Mirvac doesn't regularly do.

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Carbon and Energy	NSW	New BASIX energy targets	The Building Sustainability Index (BASIX) is a NSW scheme to regulate the energy efficiency, thermal comfort, and water efficiency of residential buildings. The Thermal Comfort Index of the BASIX tool assesses the heating and cooling loads placed on a new dwelling by its fabric. It does not assess the heating and cooling appliance or fuel type – these are assessed in the Energy Index. On 1 July 2017, new BASIX energy targets came into effect, as part of the government's initiative to reduce energy use and greenhouse gas emissions. Energy targets will typically change by 10% for houses and low-rise units, and 5% for mid and high-rises units, and the stringency for the thermal comfort heating and cooling caps will also increase (according to the regional area of the development). The new targets do not apply to projects already lodged with the consent authority for approval, to projects with a planning consent (DA or CDC) or those currently under construction. The BASIX water target will be reviewed in 2017/18	Low	New developments will be required to adhere to the updated energy targets.	Mirvac has undertaken a review of two current projects and potential design changes associated with the new targets. Mirvac is also including early modelling of concept designs into the BASIX consultant scope to get design advice early and reduce any risks of increased costs or non-compliance later in the project life.
Sustainability	NSW	Better Buildings Partnership - Green Lease Standard	The BBP has released an updated green lease standard designed to help tenants and landlords deliver stronger sustainability performance, which includes 20 categories which classify a lease as being green (energy, water, waste and IAQ management; sustainable transport; sustainable procurement; fitout works; social initiatives; comfort; and information sharing). Involvement enables participants to display a BBP Leasing Standard logo.	Low	Opportunity for standardisation and recognition of sustainability in lease management, and possible competitive advantage for tenants demanding minimum sustainability standards.	Mirvac has been actively involved in the development of the Green Lease Standard with the Better Buildings Partnership. Mirvac strives for, and has aachieved, broader adoption of green leases this year.

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Land Use and Planning	NSW	The Central Sydney Planning Strategy	The Central Sydney Planning Strategy revises height limits on buildings in the CBD area, identifying areas for concentrated "tower clusters" and recommending increasing height limits for buildings on the western edge of the CBD to increase from 80m to 110m. The Strategy prioritises mixed-use development, and residential/serviced apartment floor space in large developments would be capped at 50%. Controls for tower separations are aimed at encouraging slimmer towers to improve sun access, air flow and outlook. Sustainability is a key priority, with actions related to higher BASIX compliance targets; minimum five-star NABERS rating for new offices; requirement for major new development sites to push for net-zero energy precinct outcomes and include capacity to generate 10% of total energy onsite; initiatives that would reward the retention, refurbishment and upgrade of older office assets; and ensuring precincts are designed for the collection, treatment and reuse of locally generated wastewater, stormwater and rainwater for non-potable use. Floor space bonuses are to be made available to incentivise sustainability initiatives in the pursuit of net zero buildings.	Moderate	The provisions in the strategy may be beneficial for the approval of mixed-use developments, while developers will also be expected to comply with more stringent sustainability standards. There are therefore significant opportunities in terms of increased floor space for innovative, leading practice design in terms of net zero emissions and sustainability.	While significant in the context of the planning scheme in Sydney, this is unlikely to be a risk for Mirvac which practices broad over-compliance already for energy and sustainability minimum standards. Mirvac will continue to assess developments to the Central Sydney Planning Strategy as they are released and enacted.

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Carbon and Energy	NSW	Environmental Action 2016-2021 Strategy and Action	City of Sydney has released an environmental action plan committing the entire local government area to net zero emissions by 2050, with 50% of the Council's electricity provided by renewables by 2021 and 50% of the LGA's electricity from renewables by 2030. Furthermore, the City of Sydney has committed $100 million to support the upscaling of local renewable energy generation within the LGA.	Low	There is a significant opportunity for the property sector to be involved with, and receive incentivisation for, upscaling local renewable energy generation in the City of Sydney LGA. The City has held a preliminary workshop as part of the C40 City Solutions Platform to understand priorities for how this $100 million should be allocated - the Property sector should be involved in subsequent discussions to understand these opportunities.	While Mirvac welcomes the announcement of funding for local renewable energy generation, we will continue to monitor the progress of discussions of how the emissions and renewables targets will be achieved within the LGA. This may be an eventual risk to Mirvac if the City of Sydney impose increased targets on the Property sector in order to achieve their overall targets.

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Carbon and Energy	National	Safeguard Mechanism	The safeguard mechanism 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 that the facility must keep net emissions at or below baseline emissions levels.	Low	This initiative will only impact the top 150 large businesses that emit more than 100,000 tons of carbon dioxide, which is unlikely to have significant direct impact on the Property sector. Analysis may be undertaken to understand whether organisations within supply chains may fall within this top 150.	Since Mirvac is not in the top 150 large businesses that emit more than 100,000 tons of carbon dioxide, the Safeguard Mechanism 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 starting after June 2014. These efforts combined help to manage risk to Mirvac's supply chain.

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Carbon and Energy	National	Treatment of Renewable Energy Certificates under the NCOS	The Department of the Environment and Energy has released guidance material outlining how Renewable Energy Certificates (RECs) should be treated under the National Carbon Offset Standard in response to concerns regarding double-counting of emission reductions. For the purpose of making carbon neutral claims against the Standard, behind-the-meter energy usage originating from small-scale onsite generation systems can be treated as zero-emissions energy, regardless of whether any STCs have been created, sold or transferred to any other party. Behind-the-meter energy usage originating from large-scale onsite generation systems that have been issued LGCs can be treated as zeroemissions energy only if the equivalent amount of LGCs are voluntarily retired by the user. Behind-the-meter energy usage that is not matched by an equivalent amount of voluntarily retired LGCs must be accounted for in the same way as grid based energy, and offset accordingly.	Moderate	This approach may discourage the installation of renewable energy systems in the property sector or impact the business case for buildings seeking to become carbon neutral certified against the Standard.	Mirvac is aware of the developments in regards to the treatment of RECs under NCOS through discussions and participation with the Property Council of Australia National Sustainability Roundtable and other working and industry groups.

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Carbon and Energy	National	Blueprint for the Future: Independent Review into the Future Security of the National Electricity Market	The 'Finkel Review' was commissioned to investigate ways to optimise the National Electricity Market in Australia. Key recommendations included: a clean energy target – backed by a national emissions reduction trajectory – to stimulate new investment in power generation; a requirement for existing big power stations to give three years' notice of closure; and obligations on all new generators to support and maintain voltage and frequency. Regarding the former, the Report noted that an Emissions Intensity Scheme (EIS) and a Clean Energy Target (CET) would achieve the desired reduction in emissions from the NEM, but favoured a CET in light of the fact that the Federal Government has previously ruled out implementing an EIS. Any technology would be eligible under the CET scheme as long as it met a specified emissions intensity threshold, which would conform to a long-term emissions reduction trajectory for the electricity sector	Low	The findings have implications for large scale energy generation and energy retailers, but there are limited direct implications for the property sector. There are likely to be flow-on impact relating to the policy environment, which may become more favourable to energy efficiency and renewables. However, there is still a great deal of policy uncertainty, especially around the implications of policy change and corresponding price fluctuations.	Mirvac is a member of the Property Council of Australia Energy Policy Committee, which contributed to a submission to the Independent Review. Mirvac supports progress on developing a lasting national emissions policy, and notes that the removal of the Renewable Energy Target in favour of a CET may reduce payback periods on photovoltaic installations, making them less attractive and increasing the difficulty in reaching net positive. Mirvac believes that grid emissions factors could be lowered to assist in achieving targets, and there appears to be limited direct consideration of this within the Review.

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Waste	NSW	Better Buildings Partnership - Waste guidelines for resource recovery in commercial buildings	The Better Buildings Partnership have released best-practice Stripout Waste Guidelines for resource recovery from commercial offices, setting a target of recovering a minimum of 60% of waste that would otherwise end up in landfill. The guidelines and associated workbook provide a framework to improve stripout operations, procurement processes, and ensure consistent measurement and reporting. They are aligned with Green Star Interiors and Performance rating tools, and could be utilised as part of the evidence used to earn credits.	Low	The guidelines increase the obligations for contracting, strip out operations and management, and reporting.	Mirvac is an active member of the BBP Waste Committee and National Committee. The waste methodology may potentially lead to Mirvac reporting two sets of numbers, regarding contamination of recycling.
Carbon and Energy	National	Commercial Building Disclosure Program	As a result of the Commonwealth Government review of 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, a lowering of the mandatory disclosure threshold on commercial office buildings from 2000 square meters to 1000 square meters took effect on 1 July 2017. An additional 1,000 commercial buildings will need to disclose their energy efficiency when they sell or lease their property.	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 centers.	As Mirvac is already disclosing its NABERS rating for commercial buildings, the addressed changes do not impact Mirvac significantly.

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Carbon and Energy	Other	Paris Climate Change Agreement	The Paris Agreement came into force on 4 November and was ratified by the Australian Government just under one week later, on 10 November 2016. The Agreement seeks to stop global average temperatures from rising more than 2°C above pre-industrial levels; enable adaptation, resilience and low greenhouse gas emissions development; and mobilise financing consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. 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. However, 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	The Paris Agreement is a strong signal that the private sector will be encouraged to contribute to low-carbon, climateresilient development, and be held accountable at both international and national levels. Directors have an obligation to inform themselves about climate change risks and the extent to which those risks may intersect with the interests of the company.	Mirvac signed a letter of support, The CEO Statement on Business and Climate Change and the Paris Negotiations , supporting the objectives and outcomes of the Paris Agreement. 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.
Sustainability	National	NABERS for residential apartments	Federal and State Governments have announced funding for the development of a NABERS rating tool for apartment buildings, to drive energy efficiency and sustainability. NABERS Energy for apartment buildings will assess the energy performance of central services, including heating, ventilation and airconditioning systems, pool pumps, lighting for common areas and hot water systems. A pilot phase of the tool expected to be run in 2017. The tool is also expected to include a NABERS Water tool, to help occupants of apartment buildings to assess and improve their water performance.	Low	The NABERS tool will supplement existing tools to enable assessment and comparison of the sustainability performance of apartment buildings.	Mirvac is aware of the development of the new NABERS tool for residential apartment and will continue to monitor the implications as further details are released.

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Carbon and Energy	VIC	Victorian Renewable Energy Action Plan	In pursuit of targets to have 25% renewable energy by 2020, 40% by 2025, and net zero emissions by 2050, the Victorian Government has recently announced a plan to commits $146 million to renewable energy projects, including $25 million to 40 megawatt of battery storage and 100MWh of capacity in the west of Victoria, set to be completed by summer 2018. $48.1 million will be spent on purchasing RECs through the Renewable Certificates Purchasing Initiative, leveraging the government's purchasing power as a large electricity user. An additional $15.8 million will be spent on smart software systems, solar and battery storage micro grid initiatives.	Low	The plan to purchase RECs and support the development of renewable and battery storage is likely to result in incentives for building- or precinct-scale generation, storage and sharing.	There is an opportunity for Mirvac to benefit from improved market conditions for renewables as a result of the Victorian Renewable Action Plan.
Emissions and Carbon	National	Ozone Protection and Synthetic Greenhouse Gas Management Amendment Bill 2017	Legislation has been passed to phase down Hydrofluorocarbons (HFC's). The phase down will commence 2018 and reach an 85% reduction by 2036. The move is aligned with the global phase-down implemented under the Montreal Protocol, as amended by the Kigali Amendment. Key actions included are to: prohibit the use of new HCFCs from 1 January 2020 other than for permitted uses; regulate two newly listed synthetic greenhouse gases; amend provisions in relation to equipment bans and ensure that the provisions apply consistently to all entities regulated under the Act; and amend provisions in relation to licensing and reporting requirements.	Low	Developers and building managers will need to assess whether HFC's are used on site (primarily in refrigerators, air conditioners, fire extinguishers and insulating foam) and develop alternatives.	Mirvac have conducted a review of HFC's and only utilize the refrigerant R22 at a couple of sites. A plan for phase down of R22 has been developed such that Mirvac will comply well before 2036.

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Carbon and Energy	NSW	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. However, the AEMC rejected the request for a rule change. It is further understood that local generation/microgrid programs have been subsequently ruled out by City of Parramatta in the CBD area.	Low	The rejection of the Local Generation Network Credits rule change by AEMC is likely to severely restrict the opportunities, and appetite, for local generation and microgrids in the CBD areas.	Mirvac does not export energy to the grid except for on site, and is not actively considering local generation arrangements, so this is likely to have minimal impact.
Materials and supply chain	Other	Release of ISO 20400	The International Organization for Standardization's guidance standard for sustainable procurement provides guidelines for assessing suppliers' ethical and sustainability credentials. ISO 20400 will complement ISO 26000, Guidance on social responsibility, by enabling organizations to contribute to sustainable development efforts by minimizing their impact on the environment, tackling human rights issues and contributing to society and the economy.	Low	There are a number of focus areas in ISO20400 relevant to the property and construction sectors, including energy, emissions, use of natural resources, biodiversity, water, waste, pollution and labor practices. Alignment of procurement practices with sustainability goals is fundamental for reputational risk management and achieving sustainability targets and strategy.	Mirvac are aware of ISO20400 and our risk profile is being reviewed. Any elements which relate specifically to guidance will be amended or aligned.

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Carbon and Energy	NSW	A Draft Plan to Save NSW Energy and Money	The Draft Plan to Save NSW Energy and Money is part of the broader Draft Climate Change Fund Strategic Plan, addressing potential actions for energy efficiency beyond the 2020 energy savings target. Proposed actions include advocating for the Australian Building Codes Board to introduce improved energy savings standards; improving energy efficiency for tenanted homes, potentially through performance standards; introducing minimum energy performance standards for State significant developments and major infrastructure; and expanding obligations for energy performance disclosure for commercial buildings. The NSW Government is currently developing a new action plan for national leadership in energy efficiency.	Low	Particularly focused on building energy efficiency, the Plan signposts general increases in energy efficiency standards in line with zero emissions aspirations.	Mirvac made a submission to Draft Climate Change Fund Strategic Plan, and the Draft Plan to Save NSW Energy and Money, supporting the proposals. These initiatives provide opportunities for Mirvac to access funds to support existing programs and is aligned with our net positive commitment.

During FY17, there was a convergence of industry, State & Federal Government commitment to achieving net zero carbon. A number of policy announcements and guidance documents support this objective, as detailed below. The Australian Federal Government, the Department of Environment and Energy, the GBCA and NABERS are jointly updating the existing Carbon Neutral Standard to cover buildings and precincts, resulting in a single definition and labelling scheme for carbon neutral buildings and precincts.

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Carbon and Energy	National	Net Zero Emissions	The GBCA has committed to the World Green Building Council's Advancing Net Zero project, which aims to ensure that all buildings are net zero carbon by 2050 which requires all new buildings and major renovations are net zero in 2030, and no buildings are built below net zero standards beyond 2030 in line with the below 2°C target set by the Paris Agreement. The GBCA has released A carbon positive roadmap for the built environment outlining changes to Green Star including a proposal that all 6 Star Green Star buildings achieve net zero emissions by 2021. Similar requirements are proposed for existing buildings holding Green Star Performance ratings.	Low	The push towards net zero carbon will be challenging for developers, particularly in the retrofitting of existing building stock. This will require rapid uptake and upscaling of technologies and precinct planning to deliver cost-effective developments which achieve the expected standards.	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. These developments align with Mirvac's net zero commitment, and we will work to understand how Green Star credits and the energy efficiency targets within them will affect Mirvac projects and the cost of upgrade to existing buildings, as more details become available.

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Carbon and Energy	VIC	Net Zero Emissions	The **Climate Change** Bill 2016, introduced into Parliament in Dec 2016 and expected to come into force in Nov 2017, updates the previous Climate Change Bill 2010. The Bill establishes emissions reduction targets (zero net emissions by 2050, with interim 5 yearly targets), powers for the EPA to regulate greenhouse gas emissions from industry, and a framework for emissions pledges from government, local councils and sectors.	Low	The property sector may be impacted by sector pledges, though it is not an identified target sector. There is limited clarity on how these pledges will impact sectors at this stage.	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. These developments align with Mirvac's net zero commitment, and we will work to understand how Green Star credits and the energy efficiency targets within them will affect Mirvac projects and the cost of upgrade to existing buildings, as more details become available.
	ACT	Net Zero Emissions	The 2016 **ACT Budget** reaffirmed the government's commitment to achieving net zero emissions as well as a focus on green infrastructure/living infrastructure and urban infill developments near transport and commercial hubs. A newly established City Renewal Authority will be tasked with the renewal of the CBD and Dickson and creating a lakeside precinct.	Low		
	QLD	Net Zero Emissions	**QLD Climate Transition Strategy:** QLD has announced a net zero emissions target by 2050 as part of its new Climate Transition Strategy, with an interim target of a 30% reduction on 2005 levels by 2030. In the absence of a coherent national framework developed by 2020, QLD would pursue avenues under the Environmental Protection Act framework to regulate GHG pollutants. Other key aspects of the strategy include but are not limited to: reaffirming a commitment to 50% renewables by 2030; commitment to improve the sustainability performance of commercial, residential and government buildings through the yet-to-be-finalised QLD Building Plan; and 1 million Solar Rooftops or 3000MW of solar photovoltaics by 2020	Low	Queensland, Victoria, NSW, South Australia, Tasmania and the ACT have all now set net zero targets at the state level. Buildings and precincts will be key aspects of the transition to zero emissions.	

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	NSW	Net Zero Emissions	**NSW Climate Change Policy Framework:** The Climate Change Policy Framework released in October 2016 has objectives of achieving net zero emissions by 2050 and to enable NSW to become more resilient to a changing climate. The Policy Framework is supported by a $500 million funding package, the Draft Climate Change Fund Strategic Plan (3 priority investment areas over the next 5 years).	Low		Mirvac made a submission to Draft Climate Change Fund Strategic Plan, and the Draft Plan to Save NSW Energy and Money, supporting the proposals. These initiatives provide opportunities for Mirvac to access funds to support existing programs and is aligned with our net positive commitment.

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Enriching Communities						
Housing affordability was a significant issue, receiving attention at both the Federal and State level during 2016-17. A number of key responses to this issue were released throughout the period, as detailed below.						
Social Impact	National		**Federal Budget and Housing Affordability:** The Government signalled with the May Budget that it planned to abolish the National Affordable Housing Agreement and replace it with a new arrangement that obliges all state governments to meet targets for affordable housing and planning reform. One such measure is the establishment of the National Housing Finance and Investment Corporation (NHFIC) to operate an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer-term finance to registered providers of affordable housing. The Government will provide an initial $9.6 million in 2017-18 to establish the NHFIC, which will administer a $1 billion National Housing Infrastructure Facility and commence operations from 1 July 2018, with details worked out by the Affordable Housing Implementation Taskforce by mid 2017.	Moderate	The credit rating of the NHFIC bonds are a strong potential investment for institutional investors, establishing a pool of capital to lend to registered community housing providers and not-for-profit housing providers and stimulate the market.	Mirvac's Sustainability Strategy includes Access and Affordability as a key theme. Mirvac currently has a number of initiatives contributing to the Affordable Housing crisis, at the forefront of which is 'The Right Start' initiative, our House with no Bills, and Social Return on Investment. Our Sustainability strategy aims to contribute to cities that are affordable, productive and liveable, therefore this may be considered as a low risk.
Land Use and Planning	QLD		**Queensland Housing Strategy:** The Queensland Government released a $1.8 billion 10-year housing strategy, which includes $1.2 billion to be spent renewing existing social housing and $420 million for a housing construction program to boost the supply of social and affordable housing to encourage partnerships between community housing providers and the private sector. In the first five years, 2972 social homes and 1034 affordable homes are expected to be delivered across key areas.	Moderate	There is a groundswell of public support for increased provision of affordable housing which is being reflected by governments. There is likely to be increased incentives and/or requirements for providing more affordable housing in mixed-use urban redevelopments.	

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Social Impact	NSW		**NSW Housing Affordability Package:** The NSW Government has revealed a $4.3 billion housing affordability package , which includes measures to cut stamp duty for first homebuyers; double the foreign investor surcharge on stamp duty and land tax; remove stamp duty concessions for investors purchasing off the plan; expand complying development to some medium density housing typologies; and make greater use of 'fast-track' independent panels for councils in Sydney and in some regional areas. It also includes $3 billion in infrastructure funding to accelerate the delivery of new housing. The government also announced a second round of the Social and Affordable Housing Fund.	Moderate	There are a number of measures, such as the fast-track procedures and expansion of complying development, which may be beneficial to developers and the property sector. However, some measures, particularly those related to stamp duty have been criticised as being inflationary. The Property sector may wish to take an advocacy position in line with the sustainability strategy that affordable housing should also demonstrate leading practice in sustainability and liveability aspects.	Mirvac's Sustainability Strategy includes Access and Affordability as a key theme. Mirvac currently has a number of initiatives contributing to the Affordable Housing crisis, at the forefront of which is 'The Right Start' initiative, our House with no Bills, and Social Return on Investment. Our Sustainability strategy aims to contribute to cities that are affordable, productive and liveable, therefore this may be considered as a low risk.

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Social Impact	NSW		**NSW Labor Affordable Housing Policy: NSW Labor released an Affordable Housing Policy which would see a quarter of all dwellings built on governmentowned land designated as affordable housing, and a target of 15% of dwellings built on privately owned land rezoned for housing designated as affordable housing (above the Greater Sydney Commission's proposed 5-10% affordable housing target). Labor has proposed that an Affordable Housing Land Register be created to conduct an audit of publicly owned land that could be used for affordable housing.**	Moderate	While there is limited detail as to how the targets would be achieved or incentivised, the Policy increases the level of ambition around the provision of affordable housing above currently proposed levels. However, minimum affordable housing provision may have detrimental impacts on revenues if land prices aren't discounted. The Property Council of Australia and Urban Taskforce have stated height and floor space bonuses as well as tax incentives needed to be part of any affordable housing package.	Mirvac's Sustainability Strategy includes Access and Affordability as a key theme. Mirvac currently has a number of initiatives contributing to the Affordable Housing crisis, at the forefront of which is 'The Right Start' initiative, our House with no Bills, and Social Return on Investment. Our Sustainability strategy aims to contribute to cities that are affordable, productive and liveable, therefore this may be considered as a low risk.

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Land Use and Planning	NSW	Greater Sydney Commission	The Greater Sydney Commission (GSC) was created in January 2016 as a result of the Greater Sydney Commission Act 2015. The GSC will have an important role in both strategic planning and development assessment in NSW, and many of the Minister's functions have been delegated to the GSC. The GSC have released a draft amendment to the current Greater Sydney Region Plan, Towards our Greater Sydney 2056 , and draft 20-year plans for the six districts it has created within Sydney have been released. The draft District Plans focus on productivity, liveability and sustainability in each district. In relation to housing affordability, the district plans propose five year local housing targets for each local government area and district-wide 20 year strategic housing targets to support the need for at least 725,000 additional dwellings across Greater Sydney by 2036. The GSC will work with stakeholders to identify target areas, close to existing and planned infrastructure, that can be developed to accelerate housing supply and local housing choice.	Moderate	The commencement of this legislation will have a significant impact on potential development in the Greater Sydney Area. This is particularly relevant for planning proposals, and the GSC has specific objectives to promote the supply of housing (including affordable housing) and encourage development that is resilient and takes into account natural hazards. However, there is limited detail as to how these target will/should be achieved. Similarly, sustainability priorities, such as creating a Green Grid and protecting waterways and biodiversity, will have a substantial impact on developments and investments in property but there is uncertainty as to how these will be implemented.	The Greater Sydney Commission has demonstrated a commitment towards more affordable, liveable communities. These align with Mirvac's commitments towards affordable housing, climate resilience, renewable energy, biodiversity, and sustainable lifestyles. Our Sustainable Lifestyles Index and commitment to social return on investment (SROI) principles address continued liveability and affordability on a community scale.

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Social Impact	National	Inquiry into Establishing a Modern Slavery Act in Australia	A parliamentary inquiry into Establishing a Modern Slavery Act in Australia was launched in Feb 2017, investigating global best practice and whether elements of the UK Modern Slavery Act 2015 could be introduced in Australia, particularly the UK requirement for businesses and organisations to report on how they ensure their global supply chains are free of slavery and human trafficking. Public hearings took place in May and June 2017 and 185 submissions have been published. The Government has yet to release a formal response - however, in June 2017, Federal Labor committed to introduction a new Australian Modern Slavery Act to impose new requirements on big business to report on slavery and human trafficking in their supply chains, including the introduction of a publicly available list of companies that would be required to develop policies on and monitor any signs of modern slavery. Labor's call for a Modern Slavery Act goes further than the existing British law by mandating (not simply suggesting) that companies report on their supply chains and any areas of risk involving slavery and human trafficking, and by imposing penalties for non-compliance. This proposed Modern Slavery Act was supported in principle by the Business Council of Australia.	Low	It's likely that there will be increased obligations for businesses to understand the risks of modern slavery in their extended supply chains. The UK's Modern Slavery Act is focused on businesses, requiring businesses with a turnover of £36 million or more to disclose what they are doing to eliminate slavery and trafficking from their supply chains and their own businesses. If a similar provision is introduced in Australia, as a major organisation Mirvac would likely be obliged to participate. This would entail much greater engagement with the supply chain, including greater supplier screening and compliance activities, as well as increased expectations of reporting, disclosure and transparency.	The inquiry into establishing a Modern Slavery Act in Australia is an opportunity for Mirvac to further strengthen its supply chain. In this respect, Mirvac is proactive already - however there is more that we can do. Mirvac sits on the social sustainability committee of the Property Council of Australia, which is actively engaging with industry in understanding obligations under the proposed new Act. The emerging Modern Slavery Act is currently of low risk, though as this progresses the significance to Mirvac will increase.

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Social Impact	National	Indigenous Procurement Policy (IPP)	The Indigenous Procurement Policy (IPP) is a piece of legislation which directs a proportion of the government's procurement spend each year to Indigenous businesses to stimulate growth in the indigenous business sector. The IPP sets mandatory minimum requirements in relation to Indigenous employment and supply for certain Commonwealth contracts. Reporting on mandatory minimum requirements of Indigenous participation became binding on contractors from 1 July 2016. The minimum requirements apply to all new contracts delivered in Australia that are valued at $7.5 million (inclusive of GST) or more. Changes are now binding for any government contracts this year from July 1 2017. Contractors must submit an Indigenous Participation Plan (IP Plan) as well as their current rate of Indigenous employment and supplier use.	Low	The minimum requirements are imposed as obligations on Commonwealth contractors to engage Indigenous Australians as employees or within their supply chains. To be eligible for Commonwealth contracts, companies would have to review their workforce and supply chains and develop the relevant participation plans on the basis of the information.	Mirvac will assess its workforce and supply chain to determine eligibility to apply under the new procurement obligations. This may be an opportunity, depending on the general levels of compliance across the industry.
Social Impact	NSW	NSW Government Policy on Aboriginal Participation in Construction	On 1 July 2016, the project spend targets stipulated in the NSW Government Policy on Aboriginal Participation in Construction became mandatory for Category 1 (projects nominated by an agency that are primarily directed to one or more Aboriginal communities) and Category 2 (other construction projects where the estimated value is over $10 million) projects. The mandatory minimum target for project spend is 1.5% from 1 June 2016, increasing to 4-5% over the long term.	Low	Contractors within the construction industry engaged through NSW Government contracts will be required to prepare Aboriginal Participation Plans, as well as allocating at least 50% of the targeted project spend to employment and education activities directly related to the projects planning, design or delivery.	

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Indigenous inspiration	VIC	Aboriginal Heritage Amendment Act 2016	The Aboriginal Heritage Amendment Act 2016, which provides for explicit protection of intangible Aboriginal cultural heritage, such as stories, song and language, came into operation on 1 August 2016, replacing the Victorian Aboriginal Heritage Act 2006. The key changes to the Act include but are not limited to: empowering Registered Aboriginal Parties to determine cultural heritage permit applications; the introduction of the Preliminary Aboriginal Heritage Test system; establishing Aboriginal Cultural Heritage Land Management Agreements; and a process to enable registration of Aboriginal intangible heritage on the Victorian Aboriginal Heritage Register	Low	This amendment has the potential to impact developments located in Victoria. The impact must be assessed on a case-bycase basis.	Mirvac have set commitments to engage with Indigenous communities as part of the sustainability strategy, culminating in the development of a Reconciliation Action Plan. The Strategy and Plan outline the approach to facilitating protection of Aboriginal heritage and culture. It should be noted that Mirvac's strategy is to focus development in cities, therefore these amendments are likely to have minimal impacts.

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Biodiversity	NSW	Biodiversity Conservation Act 2016 and Local Land Services Amendment Act 2016	The Biodiversity Conservation Act 2016 and Local Land Services Amendment Act 2016 were passed by NSW Parliament in November 2016 and are set to commence on 25 August 2017. Draft regulations and consultation material have been released. Key changes include but are not limited to: - Replacement of multiple existing assessment methodologies with a single Biodiversity Assessment Method, which may stipulate retirement of a certain number and type of biodiversity credits as a condition of development consent. - 'Critical habitat' will be replaced with 'areas of outstanding biodiversity value' which if listed could restrict development even if the area does not contain any threatened species or habitat for threatened species. - Requirement for the preparation of a biodiversity development assessment report where proposed development or clearing has an impact on biodiversity values above a certain threshold, which will determine the biodiversity conservation measures needed to avoid or minimise that impact - New biodiversity offsetting scheme replaces the Biobanking scheme - Deregulation of some land clearing and activities through allowable activities and codes of practice.	Low	These new legislations are intended to streamline the aging statutory framework, replacing the Threatened Species Conservation Act 1995, parts of the National Parks and Wildlife Act 1974 and the Native Vegetation Act 2003. Developers may benefit from the expanded biodiversity certification scheme if there is increased certainty around development footprints and less environmental approvals required at DA stage. It is too early to assess the implications, particularly whether the replacement of the Biobanking scheme will be more or less onerous than the current mechanism.	Mirvac supports, in principle, the streamlining of biodiversity legislation to make it easier for developers to meet compliance standards. Proposed changes will have minimal impacts to Mirvac projects. Mirvac is managing impacts to biodiversity a number of ways. We have committed to developing a Biodiversity Action Plan on all assets by 2020. The Sustainable Site Selection Checklist, which is part of the acquisition process, has biodiversity assessment requirements within it and the Due Diligence Checklist also requires assessment of biodiversity impacts prior to a development. Mirvac has also developed a Biodiversity Assessment Matrix which will assess biodiversity values on a site before and after a development.

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Biodiversity	WA	Biodiversity Conservation Bill 2015 (WA)	The Biodiversity Conservation Bill was passed by the WA State Parliament in September 2016, to conserve and protect biodiversity and to promote the ecologically sustainable use of biodiversity components in the State. The Bill increases corporate fines from $10,000 to $2.5 million for disturbing threatened fauna and flora, and both species and ecological communities can now be listed as "threatened", while the Minister can list habitat as "critical habitat". There is an obligation for consultants to report an occurrence of a threatened species if it is found in the course of carrying out field work for an environmental impact assessment. A new provision also allows the Minister to authorise a person to take a threatened species even if it could be expected that the taking will render the species extinct - this could see a project being approved which might previously have been knocked back due to the potential for it to cause the extinction of a species.	Low	The WA Bill is aimed at streamlining and updating existing biodiversity legislation. While reporting obligations in the EIS stage have been tightened, there may be new avenues for approval of developments which impact of threatened species.	