Legislative Risk

Sustainability topic	*Sub-topic*	*Legislation / Regulation / Government Policy*	*Significant change in FY15 (1 July 2014 to 30 June 2015)*	*Significance of impact on property sector*	*Significance for Mirvac and action being taken*
Energy & Atmosphere	**Energy efficiency**	Building Energy Efficiency Disclosure Act 2010 & Regulations 2010 (Cth).	The Building Energy Efficiency Disclosure (BEED) Amendment Act 2015 (in force from 1 July 2015) amends the BEED Act 2010 to: allow building owners who receive unsolicited offers for the sale or lease of their office space and transactions between wholly-owned subsidiaries to be excluded from energy efficiency disclosure obligations; enable certain auditing authorities to directly provide or approve ratings used in Building Energy Efficiency Certificates (BEEC); enable businesses to nominate a commencement date for a BEEC which is later than the date of issue; remove the need for new owners and lessors to reapply or pay the application fee for fresh exemptions if there is an existing one in place for a building; and remove the standard energy efficiency guidance from each BEEC. CBD Review: The Cth Government Department of Industry and Science appointed ACIL Allen Consulting to undertake an independent Review of the Commercial Building Disclosure (CBD) Program. The purpose of the review is to assess the CBD Program's objectives, the effectiveness of the program in promoting energy efficiency and its interaction with the Emissions Reduction Fund. Preliminary findings were delivered to the Department of Industry and Science in November 2014. The final report and recommendations will be provided to the Department during 2015. ACIL Allen Consulting recommended that the threshold for mandatory disclosure will be reduced from 2,000m^2 to 1,000m^2 for commercial offices and the validity period for the TLA should be extended from one year to five years. The National Strategy on Energy Efficiency included plans to expand the CBD program to cover all other feasible commercial building types during 2014. Extension of mandatory disclosure to non-office commercial buildings (e.g. retail) is still under consideration, but has not been introduced.	Minor significance: The BEED Amendments are minor administrative changes to the Act, which will improve the administration of this policy. If implemented, the recommendations from the CBD review will be a significant change for the Australian Commercial Property Sector because the proposed extension of the CBD rules to buildings greater than 1,000m^2 will affect a wider portion of the market. If the CBD is extended to retail, this will be a significant impact for the property sector, requiring expenditure on NABERS ratings for shopping centres.	Mirvac has reps on the Panel of accredited assessors. Mirvac provides feedback on NABERS updates through PCA and NABERS working groups. Mirvac provides feedback on the CBD program through the PCA working group. The impact of this proposed rule change on Mirvac is minimal because its commercial building portfolio already complies with the existing CBD rules. The extension of the rules to smaller buildings will not materially affect Mirvac's existing obligations.
		NABERS (National Australian Built Environment Rating Scheme) Energy for Offices.	In May 2015 the NABERS administrator, the NSW Office of Environment and Heritage (OEH), announced a formal partnership with the Global Research Sustainability Benchmark (GRESB), the leading global standard for portfolio-level sustainability assessment in real estate. In 2015 a new version of the NABERS Energy for Offices Reverse Calculator (v.11) was released including an Emissions Reduction Fund (ERF) tab - to assist applicants to the ERF to enter the required data and obtain the results required as part of the ERF application. A new NABERS Ruling for the Office Base Building Energy Ratings scheme allows thermal exclusion of data centre/server room energy from base building ratings. A new NABERS ruling is being developed to establish a method for allocating energy and water from shared facilities in multipurpose buildings. A revised version of NABERS Office rules (v3.1) is under development, due to be released by the end of 2015.	Minimal significance. The alignment of GRESB and the NSW OEH is positive for the property sector. It is helpful for the Australian Property Sector who use NABERS extensively that it is officially recognised under GRESB. The updates and amendments to the NABERS scheme documents are a helpful efficiency improvement for the property sector in discharging obligations under the CBD rules.	Mirvac are a founding partner member of GRESB and continue to be involved in the evolution of the GRESB survey through the GRESB benchmark committees and working groups. Mirvac have a team of NABERS accredited assessors who stay up to date on NABERS developments. Mirvac staff participate in NABERS technical panels. Mirvac apply the thermal energy exclusions rules to its commercial NABERS ratings already.

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		NABERS Energy Ratings for Shopping Centres.	NABERS Ruling dated 13 Feb 2015 "Energy ratings for shopping centres - partial servicing": applies to tenancies which receive all Heating Ventilation and Air Conditioning (HVAC) services from the shopping centre central plant, except for the power to the Air Handling Units (AHU) or Fan Coil Units (FCU), which is provided by the tenant. This ruling recognises the partial provision of air conditioning to tenancies in shopping centres, enabling a fair comparison with shopping centres that provide full central servicing. It was previously the Cth Government's policy to expand the CBD program to cover all other feasible commercial building types during 2014. Extension of mandatory disclosure to non-office commercial buildings (e.g. retail) is still under consideration, but has not been introduced.	Minimal significance currently. Potentially significant impact if NABERS Shopping Centres becomes mandatory under the Commercial Building Disclosure program.	Two Mirvac employees participate in the NABERS Retail Technical Working Group. Mirvac has applied NABERS for Shopping Centres to many of its retail centres and Mirvac is well placed to comply if NABERS is made mandatory for Shopping Centres in the future.
		NSW Energy Savings Scheme (ESS). The ESS, established in 2009 under the Electricity Supply Act 1995. The ESS works by placing an obligation on NSW energy retailers and large energy users to purchase Energy Savings Certificates each year. End users who save energy by installing, improving or replacing equipment are granted Energy Savings Certificates which are tradable.	November 2014: the NSW Baird Government announced its intention to reform the Energy Savings Scheme (ESS) and that it would consult on further enhancements in April 2015. Submissions closed on 18 May 2015. The statutory review found that the objectives are being met and remain valid. Amendments include that the ESS will be amended to refer to energy (not just electricity), meaning that the scheme will introduce an obligation on gas sales (borne by utilities) to purchase Energy Savings Certificates (ESCs), and reductions in stationary use of natural gas and LPG will be rewarded. The ESS scheme will be extended to 2025. The changes made commence in Jan 2016.	Medium significance for the property sector, as ESCs are a common mechanism to improve the business case for investment in energy saving initiatives in buildings.	Mirvac use ESCs as part of the business case for energy efficiency improvements and welcome the proposed extension of the scheme to gas.
		Carbon Disclosure Project and the science based targets initiative.	May 2015: The Science Based Targets initiative is a partnership between the Carbon Disclosure Project (CDP), UN Global Compact, World Resources Institute and World Wildlife Fund (WWF). It aims to recruit 100 companies by the end of 2015 who will set greenhouse gas (GHG) emission reduction targets in line with climate science. March 2015: CDP launched the "We Mean Business coalition" of companies who will go beyond disclosure and speak out on behalf of the business community in support of a universal climate agreement ahead of COP 21, the UN Climate Change Conference in Paris in December. So far, 60 companies have committed to one or more of the six initiatives that CDP is supporting with the We Mean Business coalition. In 2014 the CDP launched "The A List: The CDP Climate Performance Leadership Index" which names those companies around the world that are doing the most to combat climate change.	Medium significance, the Science Based Targets initiative is a potential driver for more companies in the Australian Property Sector to adopt long term climate change targets.	Mirvac has already adopted a long term science based target and is in the process of implementing actions to achieve it. Mirvac are investigating participation in the CDP/WWF/WRI science based targets initiative as it aligns well with Mirvac's sustainability strategy and targets.

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	CO_2 emissions reduction targets	United Nations Framework Convention on Climate Change (UNFCCC), 1992.	Preparations for COP21 in Paris in December 2015 include the announcement of many national Climate Action Plans. The number and ambition of these national targets indicates that a global successor to the Kyoto Protocol may be signed in Dec 2015, which will set a global target intended to limit global warming to 2 deg C. Following the UN Secretary General's Climate Summit in Sept 2014, the Non State Actor Zone for Climate Action (NAZCA) has received pledges from over 350 companies, investors, cities and regions to take climate action before 2020. 47 companies and investors have committed to adopt science based GHG reduction targets though this initiative.	The UNFCCC meeting in Paris in December 2015 will be a significant signal of the future direction of climate change regulation. Potentially significant impact for the Australian property sector, which may in the near future once again face compliance with a carbon pricing mechanism or cap on emissions.	Mirvac see a global climate change agreement as a significant step toward greater adoption of long term science-based carbon emissions reduction targets by the property sector. Mirvac has a science-based long-term target in place and an ambitious sustainability strategy which means we are well placed to succeed in a carbon constrained world.
		Australia's National Climate Change reduction target.	In 2014 the Abbott Government commissioned a review of global emissions targets to inform Australia's negotiating position for 2015 UNFCCC COP. Until August 2015 Australia had a stated carbon reduction target of 5% by 2020 (v2000) OR 15% to 25% reduction (v2000) if other nations agree at Paris UNFCCC COP. The Abbott Government's position was that "In the event of an effective global climate change agreement which includes comparable commitments by all developed countries, Australia would adopt the 25 per cent target." Click here for more information. In August 2015 the Abbott Government increased this committment to a 26-28% CO2 emissions reduction by 2030 against 2005 levels. 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.	Medium significance, as the new national climate change target will require significantly more emissions reduction activity across all sectors, including property.	Mirvac would welcome the Australian Government making a long term economy-wide commitment to a science based climate change target in line with the Climate Change Authority's recommendations and international best practice e.g. 25% by 2020 and 80% by 2050. Mirvac have a relationship with the Climate Institute and continue to monitor the Government's Position on climate change.
		Climate Change Authority Act, 2011 (Cth): Established the Climate Change Authority which commenced operation in July 2012. Its role is to undertake reviews and make recommendations on: emissions reduction targets and carbon budgets; the Renewable Energy Target; the Carbon Farming Initiative; and the National Greenhouse and Energy Reporting System.	The Abbott Government has sought to abolish the authority but has so far been blocked in the Senate by Labor, the Greens and the Palmer United Party. The Climate Change Authority (Abolition) Bill 2013 was introduced as part of the Carbon Tax Repeal Legislative Package. It passed the House of Representatives (HoR) on 21 Nov 2013, but failed to pass the Senate on 3 Mar 2014. A Climate Change Authority (CCA) report in Feb 2014 found that Australia's commitment to cut emissions by 5 per cent by 2020 was inadequate compared with measures in other countries.		

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		Green Bond Principles.	Green Bonds are debt instruments tied to environmental or social performance. A green bond raises funds from investors subject to sustainability performance criteria, and the money raised is invested in suitably sustainable projects. The revenue generated is allocated to a ring-fenced fund containing only the proceeds of the sustainable projects. Green Bond Principles (GBP) were released by ICMA in March 2015 and establish voluntary principles that should be met by Green Bonds to satisfy market expectations. The GBP establish the criteria the Green Bond will use to direct money into projects, and get third party assurance. Click here for more information.	Medium significance with potential to bring more funding into the property sector to support sustainable development.	Mirvac have had discussions with the Climate Bonds Institute and financial institutions about the future applicability of climate bonds to Mirvac. Mirvac has internal funds to support its own green developments, so access to finance through Green Bonds or Climate Bonds is not significant for Mirvac's business.
	Funding mechanisms	Climate Bonds Standard.	The Climate Bonds Standard for Low Carbon Buildings was launched in Dec 2014. It specifies voluntary criteria for three property asset types: residential, commercial and upgrade projects to meet in order to qualify as "Climate Bond Certified". 1) Commercial buildings will qualify if they meet the Climate Bonds hurdle at the midpoint of the bond term based on a linear trajectory from the emissions baseline (representing the top 15% of city level emissions performance) to an aspirational target of zero carbon in 2050. 2) Residential buildings will qualify if they have achieved compliance with a building code that is deemed equivalent to moving the building into the top 15% of the market in terms of emissions performance. 3) Energy efficiency upgrades in commercial or residential buildings will qualify under the Climate Bonds Standard if the project specifies a percentage emissions reduction relative to current performance of at least 50% for bonds with 30 year terms, and at least 30% for bonds with 5 year terms. Australian buildings are in a good position to attract low-carbon investment funds. The NSW Office of Environment and Heritage has announced that a NABERS Energy rating report is immediately suitable as acceptable data for reporting under the Climate Bonds Standard for commercial buildings.		

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	Carbon emission reductions	Clean Energy Act (Cth) established the carbon pricing mechanism, which was REPEALED in July 2014.	In 2012, the Gillard Cth Government implemented a carbon price of $23 per tonne to be paid by 377 companies, accounting for about 60% of Australia's GHG emissions. The Carbon Pricing Mechanism ("carbon tax") was established in law through a package of Acts of Parliament, primarily the Clean Energy Act, 2011. Facilities that emitted more than 25,000 tonnes of carbon dioxide equivalent annually were required to pay the carbon tax. When the carbon tax was introduced, new government agencies were established including: Clean Energy Regulator; Climate Change Authority and the Clean Energy Finance Corporation. The Abbott Government's Clean Energy Legislation (Carbon Tax Repeal) Act 2014 (Cth) passed into law on 17 July 2014, repealing the Clean Energy Act 2011. It abolished the Carbon Price with effect from 1 July 2014.	Notwithstanding the repeal of the Clean Energy Act and the abolition of the Carbon Pollution Reduction Scheme, it seems likely that some form of carbon pricing will be imposed in the Australian market at some point in the near future. Other major jurisdictions have adopted carbon pricing mechanisms including: EU ETS; NZ ETS; Swiss ETS; South Korea ETS; Californian cap-and-trade scheme; Quebec's cap-and-trade system; US Regional Greenhouse Gas Initiative (including the US States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont); the US & Canada Western Climate Initiative including California, British Columbia, Manitoba, Ontario and Quebec; and the Tokyo metropolitan cap-and-trade scheme. Much of the global business community uses a shadow price of carbon to evaluate exposure to the risk of future regulation, and investment risk.	Mirvac are disappointed to see the repeal of the Carbon Price. Mirvac has a competitive advantage in a market with a carbon price, having committed to net positive position, and is directing investment toward low carbon developments. The removal of the carbon price weakens the business case for investment in low carbon development, slowing the pace of change to a low carbon future.

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		Emissions Reduction Fund (Cth). Established by the Carbon Credits (Carbon Farming Initiative) Act, 2011 as amended. The Carbon Farming Initiative Amendment Act 2014 became law in November 2014. It expands the CFI to apply to a wider range of carbon emission reduction activities under the new name: Emissions Reduction Fund. Participation in the CFI/ERF is voluntary.	The Carbon Farming Initiative Amendment Act 2014 establishes the Emissions Reduction Fund (ERF) which is the Abbott Government's flagship policy to achieve Australia's carbon emissions reduction target. It replaces the Gillard Government's Carbon Pollution Reduction Scheme. The activities which are eligible for funding under the ERF are: upgrading commercial buildings; improving energy efficiency of industrial facilities and houses; reducing electricity generator emissions; capturing landfill gas; reducing waste coal mine gas; reforesting and revegetating marginal lands; improving Australia's agricultural soils; upgrading vehicles and improving transport logistics, and managing fires in savannah grasslands. The Act amends the Carbon Credits (Carbon Farming Initiative) Act 2011 to: provide for the Clean Energy Regulator to conduct auctions and enter into contracts to purchase emissions reductions; enable a broader range of emissions reduction projects to be approved; and amend the project eligibility criteria and processes for approving projects and crediting carbon credit units; and amends the Australian National Registry of Emissions Units Act 2011, Clean Energy Regulator Act 2011 and National Greenhouse Energy and Reporting Act 2007 to make consequential amendments. It also provides for transitional arrangements in relation to: the Register of Offsets Projects, which will be renamed the Emissions Reduction Fund Register and will include information about contracts to purchase emissions reductions; and existing Carbon Farming Initiative projects and methodologies and applications for new projects. The ERF is a market-based mechanism where a bidder participates in a reverse-auction, offering to sell a certain number of tonnes of CO_2^e reductions per year to the Government at a price per tonne of CO_2 nominated by the bidder. If a bidders' offer is accepted, the Government grants the bidder certificates (known as Australian Carbon Credit Abatement Units "ACCUs"), which the bidder can sell to receive payment for the emissions reduction activity. There are different methodologies which must be used by bidders to predict the CO_2 emissions reductions for different project types. The acceptable methods are published here. There are several pre-conditions to participation in the ERF: Only emissions reductions projects resulting in CO_2^e reductions of greater than 2,000 tonnes are eligible; all projects must be "new" i.e. they must not have commenced before the auction process; projects have an ongoing obligation to report on the emissions reduction activity to prove it is delivering the predicted CO_2 reductions. The first auction for funding bids was held on 15 and 16 April 2015. The Clean Energy Regulator awarded contracts for 47 million tonnes of CO_2 reductions at an average price per of $13.95 per tonne of CO_2. The date of the next auction has not yet been announced (as at Aug 2015). The second ERF auction will be held on the 4th and 5th of November. The last date for projects to be submitted in full is the 18th September 2015. The Climate Change Authority released its review of the Carbon Farming Initiative on 22 December 2014. It found that the Emissions Reduction Fund is unlikely to deliver sufficient emissions reductions to reach Australia's minimum 2020 target of 5 per cent below 2000 levels. Click here for more information.	The Emissions Reduction Fund method for Commercial Buildings has potential application to the property sector. However, the minimum bid size of 2,000 tonnes of CO_2^e per year on average over the life of the contract (typically 5 years) means it is a challenge to aggregate emissions reductions in the property sector, meaning the ERF naturally favours large operations such as the coal and gas sector with high point source emissions profiles.	Mirvac is unlikely to participate in the ERF. Barriers to participation include: the 2000 tonne minimum limit; aggregating energy savings projects across multiple buildings is complicated; and the business case is difficult to build because the reverse auction process means it is uncertain if a bidder will receive ERF funding. Mirvac has engaged in the policy discourse on this issue through the Property Council of Australia.

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		ERF commercial building method: the Carbon Credits (Carbon Farming Initiative) Methodology (Commercial Buildings) Determination 2015.	On 14 Jan 2015 The Carbon Credits (Carbon Farming Initiative) Methodology (Commercial Buildings) Determination 2015 sets out the process for commercial building energy efficiency projects to apply for funding under the Emissions Reduction Fund. The Determination makes use of NABERS energy ratings and other tools to quantify emissions reductions and energy savings from energy efficiency activities undertaken as part of an Emissions Reduction Fund commercial buildings project. The Determination calculates emissions reductions associated with upgrades to office buildings, shopping centres and business hotels, but not data centres. Note clause 26: the minimum abatement amount is an improvement of at least 1 NABERS Star.	Medium significance for property sector, particularly B&C grade buildings with poor NABERS ratings.	The nature of the ERF scheme and the hurdles to participation mean it is unlikely Mirvac will be able to access funding through this program. There is a requirement in the determination of a minimum 1 star improvement on the current NABERS rating. However, Mirvac's portfolio is operating at a NABERS 5.1 Star average, meaning that it is commercially and technically unfeasible to achieve a >1 Star NABERS improvement.
		ERF lighting method: the Carbon Credits (Carbon Farming Initiative-Commercial and Public Lighting) Methodology Determination 2015.	On 25 June 2015 the Carbon Credits (Carbon Farming Initiative-Commercial and Public Lighting) Methodology Determination 2015 was made setting out a method to apply for ERF funding for emissions reductions from projects that improve the energy performance of lighting systems in commercial and industrial buildings, as well as public areas, such as pedestrian, street, and traffic lighting.	Medium significance for property sector, particularly for building mangers who may be able to aggregate large portfolios of existing poor performing buildings and commit to a >2,000 t CO2 abatement.	Minimal significance to Mirvac. It is difficult to aggregate enough lighting projects to achieve a >2000 t CO2 reduction through lighting upgrades. That's roughly the equivalent of changing 20,000 light fittings from poor practice 80W twin T8 fittings to best practice 30W LED fittings. It would require a full lighting upgrade at more than one large commercial office building to qualify for ERF funding under this method.
	Renewable energy	Australian Renewable Energy Agency Act, 2011 - REPEALED. Established on 1 July 2012, ARENA is an independent statutory authority with funding of approximately $2.5 billion to 2022 to promote the research, development, demonstration, commercialization and deployment of renewable energy and enabling technologies.	The Abbott government announced in the May 2014 budget that the government would close ARENA, and reallocate its $1.3 billion in remaining unspent project funding. A Federal Government Bill to repeal the Australian Renewable Energy Agency Act 2011(ARENA Act), thereby closing the Australian Renewable Energy Agency (ARENA) passed through the House of Representatives (on 1 Sept 2014). However, the Coalition didn't have a majority in the Senate, so the bill remained under negotiation at the close of 2014. On 4 Sept 2014, the Senate Economics Legislation Committee reported on the Bill and recommended pursuing the repeal of the ARENA Act, citing the primary reason as "the need to repair the budget". Senators from Labor, the Greens, PUP and independents opposed the repeal of the ARENA Act in dissenting opinions in the report. Of the 132 public submissions made to the committee, 129 opposed the repeal of the ARENA Act. It remains the Abbott Government's policy that it is committed to the abolition of the Clean Energy Finance Corporation and ARENA.	Medium significance. ARENA is a potential source of funding for innovative renewable energy investments in the property sector such as building integrated photovoltaics.	Mirvac support the work of ARENA, who make a positive contribution to the deployment of renewable energy in Australia, and are a potential source of funding for renewable energy installations at Mirvac projects.

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		Clean Energy Finance Corporation Act, 2012.	Established by the Gillard Government the Clean Energy Finance Corporation (CEFC) commenced operation in July 2013. The goal of the CEFC is to provide finance to renewable energy, energy efficiency and low emissions technology projects in the latter stages of development. The CEFC operates like a traditional financier, working with co-financiers and project proponents to secure finance for funding for the commercialization and deployment of clean energy technologies. In 2012 the CEFC was allocated $10 billion in Government funding, to make available $2 billion per year over 5 years (through to 2017). The CEFC fund is financially self-sufficient producing a positive return on investment, with an average financial yield of about 7%. The CEFC fund has attracted $2.90 of private finance for every $1 it has invested. Click here for more information. It is the Abbott Government's stated policy to abolish the Clean Energy Finance Corporation. The Abbott Government introduced the Clean Energy Finance Corporation (Abolition) Bill 2014 as part of the Carbon Tax Repeal Legislative Package. The CEFC repeal legislation was brought before the Senate in December 2013, and rejected. In June 2014 the CEFC repeal bill was rejected again by the Senate.	Medium significance. The CEFC is a potential source of funding for innovative renewable energy investments in the property sector.	Mirvac continue to engage with the CEFC and have discussed various funding options for Mirvac projects.
		Renewable Energy (Electricity) Act 2000 & Regulations 2001 (Cth) established the Renewable Energy Target (RET) which aims to generate 20% of Australia's Electricity energy requirements from renewable sources such as wind, hydro and solar by 2020.	In 2011 the Gillard Government expanded the RET to require 45,000 GWh of renewable generation by 2020 across large- and small-scale projects. Generators get 1 REC for every MWh. Electricity retailers are required to purchase RECs (% set by regulation each year). The RET Review in 2012 by the Climate Change Authority recommended continuation of the RET. The Abbott Government Warburton Review of Aug 2014 recommended closure of the RET scheme and abolition of the 20% renewables by 2020 target. In June 2015 the Abbott Government established a new target for large-scale generation of 33,000 GWh in 2020 (reduced from 45,000 GWh under Gillard Government), reducing the RET by approx 27%. Click here for more information.	Medium significance for the property sector. The lowering of the RET has created uncertainty and reduced the pipeline of low carbon generation in Australia.	Mirvac support a strong RET, which is consistent with Mirvac's commitment to a net climate positive business and investment in renewable energy systems at Mirvac projects. Mirvac consider it to be important that Australia has a strong national renewable energy target. Mirvac is a founding member and participant in the City of Melbourne Renewables Club, a group of 10 companies who have agreed to collectively install 100MW of renewables. As the only property developer in this group, Mirvac are taking a leadership position within the property sector. This initiative will help build the business case for a renewable energy plant that wouldn't otherwise be built.

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	Residential	BASIX (The Building Sustainability Index) NSW. Provisions to enable the operation of BASIX are contained in the Environmental Planning and Assessment Regulation 2000 (EP&A Regulation) and State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004 (the BASIX SEPP).	The BASIX scheme was introduced in 2004 setting energy and water efficiency targets for all new homes constructed in NSW. Currently BASIX targets require energy and water use reductions of up to 40% on residential developments and 20% on multi-unit residential developments of over six levels. The BASIX Target Review paper was exhibited from Dec 2013 to Feb 2014. The majority of submissions in each stakeholder group expressed support for an increase in BASIX targets. However, some peak building industry associations did not support target increases due to concerns about the impact on upfront housing construction costs. Of the submissions that indicated their position on the target changes, 80% supported the proposed target change. In May 2014 the NSW Baird Government proposed tightening the BASIX scheme to require a reduction of up to 50% in energy emissions and a 20%-50% reduction on baseline water consumption. The government's proposed new BASIX targets include increases to the following targets: - Energy emissions - up to 50% reduction. - Thermal comfort (heating and cooling) - an increase of approximately one star equivalent to 5.5 to 6 stars out of 10 under the Nationwide House Energy Rating Scheme (NatHERS). - Water consumption targets - between 20% and 50% reduction on baseline consumption. The City of Sydney is considering a target requiring a 55% improvement on the BASIX baseline as a planning requirement for all new residential developments in the city.	Significant impact for Australian property companies with residential assets.	Significant for Mirvac residential developments. Mirvac has recently demonstrated that BASIX +25% can be achieved at their residential development at Harold Park, NSW. An increase of up to 50% would be significantly more difficult, particularly on high rise residential developments. Mirvac is currently working with councils to find a way forward. Mirvac have had an open discussion with the City of Sydney resulting in an agreement to trial one demonstration project to review the impact of moving to a harder target but not necessarily a 55% energy reduction against the BASIX baseline.

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	Energy policy in planning rules	City of Sydney Energy Efficiency Masterplan.	In Feb 2015 The City of Sydney published its Energy Efficiency Master Plan: Improving Energy Productivity 2015-2030. It contains ambitious targets including a 31% energy saving across the entire City of Sydney building sector by 2030 (v2006 levels) through energy efficiency measures.	Moderate impact for the Sydney commercial property sector.	Through Mirvac's participation in the Better Buildings Partnership, Mirvac review all the City of Sydney Masterplan documents and provide comments. Mirvac's sustainability strategy addresses energy efficiency, renewable energy and climate change adaptation in a manner which is consistent with the City of Sydney's 2030 vision.
		City of Sydney Renewable Energy Masterplan.	In Dec 2013 the City of Sydney published its Renewable Energy Master Plan, which sets a target for the City of Sydney LGA to meet 30% of its demand from renewable electricity generation by 2030. It proposed that up to 18% of the City's electricity demand can be met from renewable electricity generation within the local government area, and a further 12% can be met from renewable electricity generation within 250km of the local government area.		
		City of Sydney Climate Change Adaptation Strategy.	In August 2015 the City of Sydney consulted on its draft Climate Change Adaptation Strategy. The final version is expected to be released before the end of 2015. For Sydney, the expected impacts of climate change by 2070 are: Increase in average temperatures; Increase in extreme heat days; Increase in air particulates and pollution; Decrease in annual rainfall; Continued heavy rainfall events; Increase in bushfire conditions; Increase in drought conditions; Rise in sea levels and increased extent of coastal inundation.		
		City of Perth Draft Environmental Strategy.	In July 2015 the City of Perth published its Draft Environmental Strategy that sets out its aspiration to be come a more environmentally sustainable city over the 15 years through to 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.	Moderate impact for projects in the City of Perth.	Mirvac is engaging 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.
Waste	**Waste minimisation & recycling**	The NSW EPA "Bin Trim" program.	NSW Government programs provide funding to support businesses to support increased recycling and reduced waste to landfill, including "Bin Trim" which provides business grants for waste assessments and advice; rebates for up to half the cost of onsite small-scale recycling equipment for businesses; Industrial Ecology Business Support Network grants; and the Australian Packaging Covenant which co-funds infrastructure to recycle packaging and make its use more sustainable. Bin Trim Round 1 grants allocated approximately $4.7m to 27 grant recipients. The 2nd funding round opened in May 2015 and closed in June 2015. A further round may open in 2016.	The NSW Government Bin Trim program supports the NSW property industry to reduce waste and improve recycling rates.	Mirvac participated in an Industrial Ecology education program with Edge Environment targeting retail waste in shopping centres.

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		NABERS Waste Rating System.	In April 2014 the NABERS Administrator (NSW OEH) carried out industry consultation on revisions to the NABERS waste tool.	Moderate impact on property sector if NABERS Waste ratings become more ubiquitous.	Mirvac participates in the consultation on the revised NABERS waste tool, and Mirvac representatives attend the NABERS technical working group meetings.
	Waste levy	Waste Levy increases – all states.	Despite steady increases in the rate of recovery (average 52%), total waste generated between 1997-2012 increased by 145% but Australia's population rose by only 22%. Several State Governments have responded by increasing landfill levies. NSW: The Protection of the Environment Operations Act 1997 (POEO Act) requires certain licensed waste facilities in NSW to pay a contribution for each tonne of waste received at the facility. Referred to as the 'waste levy', the contribution aims to reduce the amount of waste being landfilled and promote recycling and resource recovery. The 2015–16 levy rates apply from 1 July 2015. The Metropolitan Area Levy is $133.10/tonne. Note rural rates differ. Click here for more information. VIC: from 1 July 2015 the municipal and industrial landfill levy rates under Schedule DA of the Environment Protection Act 1970 will rise in Metro areas to 4.45 fee units (currently $13.60 each) i.e. to $60.52/tonne of municipal and industrial waste. Note rural rates differ. Click here for more information. QLD: QLD had a $35/t landfill levy for 2 years but it was dropped in 2012. Since the QLD government removed the landfill levy landfill in south east Queensland is now the cheapest in Australia at less than $30/t and as low as $10 per tonne. Since the levy was removed there has been a 20% reduction in recycling in QLD, and over 400,000 tonnes of waste has been transported from Sydney to Brisbane to take advantage of the cheap disposal, resulting in an additional 10,000 truck movements per year on the Pacific Highway, in each direction. WA: Landfill levy rates rose in Jan 2015 from $28/tonne to $55/tonne. They will rise again on 1 July 2016 to $60/t, and on 1 July 2017 to $70/t. Click here for more information. SA: the Landfill levy for metropolitan solid waste increases to $57 in 2015-16 and $62 in 2016-17 under the Environment Protection Regulations 2009. Tas: Tasmania is exploring a $10/t levy.	Medium impact for all property companies in highly exposed states with increasing impacts going forward.	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. This approach is projected to save $1.1 million by FY 2018 Mirvac is introducing on-site organic waste processing to lower the proportion of waste sent to landfill and decrease contamination of recycled waste streams, which together help increase rates of dry waste recycled.

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	Product stewardship	Product Stewardship Act 2011 (Cth).	The Gillard Government's Product Stewardship Act commenced in August 2011. It creates a framework to manage the environmental impacts of products, particularly during disposal. It encourages recycling and design for disassembly & resource recovery. Management options include: voluntary, co-regulatory and mandatory product stewardship. It establishes a national network of e-waste drop off points. TVs, computers, printers and computer accessories were the first products to be regulated. People can drop-off these items for free at designated collection sites, at temporary take-back events or through a mail-back option. Each year the Product Stewardship Advisory Group recommends a list of products to be considered for inclusion in the scheme during the next financial year. The FY13-14 Product Stewardship Advisory Group list included the following products which are proposed to be regulated in future: - Waste architectural and decorative paint - End-of-life handheld batteries (less than 2kg in weight) - Packaging (and subsets of packaging, such as consumer packaging and beverage packaging) - End-of-life air conditioners with small gas charges - End-of-life refrigerators with small gas charges	Moderate. Product stewardship regulation of waste paint, air conditioners and fridges will affect the building industry.	Mirvac has adopted the Better Buildings Partnership (BBP) best practice operational waste guidelines. Mirvac is working toward implementation of the BBP's defit waste guidelines to reduce waste associated with interior fitout projects. Mirvac has introduced a supplier sustainability questionnaire which has increased engagement with Mirvac's supply chain.
		Voluntary product stewardship arrangements: FluoroCycle & MobileMuster.	In FY13-14 the Australian Government accredited two voluntary programs: - FluoroCycle seeks to increase the national recycling rate of waste mercury-containing lamps. - MobileMuster supports the collection and recycling of mobile phone components including handsets, batteries and accessories. Industry has established and operates these arrangements without being required to by regulation.	FluoroCycle will support the Australian property industry to appropriately dispose of mercury-containing lamps, which are a significant hazardous waste stream arising from the operation of commercial buildings.	Mirvac participate in the FluoroCycle scheme as part of Mirvac's commitment to best practice waste minimisation and management.
Land use & wildlife	**Planning law**	Environment Protection and Biodiversity Conservation Act 1999 & Environment Protection and Biodiversity Conservation Regulations 2000 (Cth).	The EPBC Act establishes a Commonwealth EIA process for projects which impact a matter of national environmental significance. The Abbott Government has announced a policy intention to hand over the EPBC Act powers to the States.	Uncertain impact on the property industry. This would potentially alter the rules regarding Environmental Impact Assessment for large projects.	Minimal impact for Mirvac. Mirvac developments are unlikely to trigger EIA requirements under the EPBC.

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	Biodiversity	NSW Biodiversity Offset Policy & Framework for Biodiversity Assessment (FBA) & BioBanking Assessment Methodology.	The NSW biodiversity offsets policy for major projects commenced on 1 October 2014 and applies to state significant development and state significant infrastructure under the Environmental Planning and Assessment Act 1979. The NSW Biodiversity Offsets Fund (the fund) will be developed over the policy's 12–18 month transitional implementation period, commencing in Oct 2014. The Framework for Biodiversity Assessment sets out the process for assessing biodiversity impacts on a proposed development site and determining the biodiversity offset requirements for those impacts. Biodiversity offsets work by protecting and managing biodiversity values in one area in exchange for impacts on biodiversity values in another. BioBanking is a market-based scheme that provides a streamlined biodiversity assessment process for development, an offsetting scheme as well as an opportunity for rural landowners to generate income by managing land for conservation.	Low impact. The changes streamline the process of negotiating biodiversity offsets.	Mirvac is currently creating a standard template for Biodiversity Plans across the investment portfolio. Mirvac is currently trialling the new biodiversity plans at Rhodes Shopping Centre and the office development at 5 Rider Boulevard, Rhodes. Mirvac had one site affected by the BioBanking scheme in FY2014.
	Green roofs	City of Sydney Green Roof Policy.	City of Sydney Green Roof Policy, adopted April 2014. Responsibility for implementing this policy lies with the Strategic Planning and Urban Design unit at the City of Sydney.	Moderate impact. Sydney CBD developments may be required to install green roofs or walls as part of planning conditions.	Mirvac will be affected by this policy on new developments in the future.
Cultural heritage	**Aboriginal heritage**	Native Title Act 1993 (Cth) & 2015 ALRC review.	The ALRC Report "Connection to Country: Review of the Native Title Act 1993 (Cth)" was tabled in Parliament in June 2015. The Report makes 30 recommendations for the reform of the Native Title Act, principally a reduction in the burden of proving the connection between traditional laws and customs and present day observance, allowing that they will change over time, removing the requirement for substantially uninterrupted continuity of the laws and customs, and reducing the complexity and difficulty of proving Native Title.	Medium to high impact for sites that are exposed to Native Title Claims.	Native Title is currently included in Mirvac's Risk Register and is a considered by the Mirvac Project Management Group.
Community engagement		Local government requirements for community consultation.	Ongoing focus on community consultation in relation to urban regeneration projects.	Significant impact for property companies invested in urban regeneration.	Mirvac has a Social Sustainability Manager that coordinates Mirvac's community involvement and stakeholder engagement on developments. Mirvac has a Community Liaison Officer for all major projects to ensure new communities are built in consideration of stakeholder views. Mirvac are in the process of developing internal frameworks to deliver consistent consultation across the business.

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Governance	**Sustainability reporting**	ASX Corporate Governance Principles and Recommendations.	Changes to the ASX Corporate Governance Principles and Recommendations apply from 1 July 2014 which require reporting on economic, environmental and social sustainability risk. Listing Rule 4.10.3 referenced in Appendix 4G details the requirements for sustainability disclosures. There are 29 specific recommendations under 8 Principles. Of note for sustainability are the following Principles: Principle 1: Lay solid foundations for management and oversight (Diversity) Principle 3: Act ethically and responsibly (Human Rights; Supply Chain; Environmental Responsibility) Principle 4: Safeguard Integrity in Corporate Reporting (Independent verification of reporting) Principle 5: Making timely & balanced disclosure (Transparency) Principle 7: Recognise & Manage Risk (Materiality of Risk; Social & Environmental Risk)	High significance for Australian listed companies and all Australian listed property companies.	Mirvac reports on economic, environmental and social sustainability risks and initiatives as part of its annual sustainability report.
		EU Directive on non-financial reporting (2014/95/EU).	In Sept 2014 the EU Council agreed to a new EU Directive governing corporate reporting of non-financial information. The Directive entered into force on 6 December 2014. EU Member States have two years to transpose it into national legislation. Large listed companies in the EU will now be required to disclose their environmental and social impacts as part of their mainstream reporting to investors. The Directive requires companies to disclose in their annual reports: information on policies, risks and outcomes as regards environmental matters, social and employee aspects, respect for human rights, anti-corruption and bribery issues, and diversity in their board of directors. The scope of the directive includes approx. 6000 large companies and groups across the EU.	This international development in the EU signals a trend toward greater disclosure of ESG risk as part of annual company reporting obligations.	Mirvac is well placed to respond to stricter requirements regarding the disclosure of non-financial sustainability risks. Mirvac has a mature sustainability monitoring, reporting and governance structure in place and an ambitious sustainability strategy to mitigate risk and realise new economic opportunities associated with sustainable development.
	Holistic Sustainability rating & benchmarking systems	GRESB (Global Real Estate Sustainability Benchmark).	FY14 saw increased membership of GRESB and more widespread usage of the GRESB Benchmark Survey results by investors to judge the performance of property owners. The leadership position of the Australian commercial property sector relative to other regions means GRESB is now a significant driver for improved sustainability in the Australian market. In October 2014 the US GBCI (Green Building Certification Institute which administer LEED) acquired GRESB. The USGBC focuses on developing and refining the LEED standards, while the GBCI administers LEED Building Certifications and LEED Professional Accreditation programs. The GBCI and LEED have traditionally focused on rating the sustainability attributes at the building or asset level, whereas GRESB focuses on performance at the portfolio level and is specifically designed to provide information to investors about ESG risk associated with a property portfolio.	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.

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		GRI (Global Reporting Initiative): transition from G3/3.1 to G4.	GRI G4 was released in May 2013 to replace the G3 guidelines. At the launch of the G4 Guidelines in 2013 GRI decided to recognise reports based on the now superseded G3 and G3.1 Guidelines for up to two further reporting cycles, until 31 December 2015. All reports published from 1 January 2016 onwards must be based on the G4 Guidelines. The 2014 reporting was the year many companies switched from G3.1 to G4.	Minor significance, GRI is a voluntary reporting standard.	Mirvac reports against GRI G4 guidelines.
		DJSI (Dow Jones Sustainability Index).	Launched in 1999, the DJSI tracks the financial performance of the leading sustainability-driven companies worldwide based on an analysis of financially material economic, environmental, and social factors. In Sept 2014, REBECOSAM (who administer the DJSI) released the Annual Scoring & Methodology Review for the DJSI which summarises the changes to the DJSI questions & method. The three largest additions and deletions (by free-float market capitalization) to the DJSI World in 2014 include: Additions: Amgen Inc, Commonwealth Bank of Australia, GlaxoSmithKline PLC Deletions: Bank of America Corp, General Electric Co, Schlumberger Ltd GPT Group was announced global leader in the Real Estate industry for 2014-15.	Minor significance, DJSI is a voluntary benchmarking index.	Mirvac participates in the DJSI
		Green Star Design & As Built v1.	In Oct 2014 the substantially revised Green Star Design and As Built v1 was released replacing several 'legacy rating tools' including: Green Star Office v3, Green Star Office Design v2, Green Star Office As Built v2, Green Star Public Building v1, Green Star Healthcare v1, Green Star Multi-unit residential v1, Green Star Industrial v1, Green Star Retail Centre v1 and Green Star Education v1. No new registrations will be accepted under the legacy rating tools after December 2015, with the exception of those that have achieved a 'Design' rating under the legacy rating tools and are seeking to continue with their 'As Built' rating. In Nov 2014 the GBCA carried out consultation on substantial revisions to the Green Star certification process, including a new audit-based approach to checking submissions; and making the Green Star Design submission optional, only the As Built submission is now mandatory. Standard approaches to Green Star Innovation credits, called Innovation Challenges were first released in May 2014. In Feb 2015 additional guidance on Green Star Innovation credits was released which includes several new 'Innovation Challenges' which have been written to standardise project teams approaches to validating credit submissions in the innovation category that are becoming more commonplace such as: climate change adaptation, environmental product declarations and building air tightness.	Minor significance, Green Star is a voluntary green building rating tool. The new edition introduces a number of improvements.	Mirvac are 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 have trained over 120 staff in Green Star including members of the Executive Leadership Team and the Board.

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		Green Star Performance v1.	In March 2015 Green Star Performance v1 was released (replacing the previous Pilot version). In June 2015 a Green Star Performance v1 Portfolio Supplement was released to assist project teams pursuing a portfolio rating for the operational performance of multiple buildings (e.g. to support a GRESB submission).	Moderate significance. The introduction of an operational performance rating system for buildings and portfolios in Australia brings us in line with the US (LEED EBOM) and UK (BREEAM In Use), and enables Australian property companies to do better in the GRESB survey.	Mirvac participated in the Beta test and Pilot phase of Green Star Performance and we now have two ratings underway in v1 of the tool.
		Green Star Interiors v1.	In Dec 2014 Green Star Office v1 was released, replacing the Office Interiors v1.1 rating tool. No new registrations will be accepted under the superseded Office Interiors v1.1 after December 2015. In Aug 2014 a Green Star Volume Certification process was developed, which has particular application to retail stores built to a standard specification.	Minor significance. Green Star is a voluntary rating tool.	Minimal significance for Mirvac, as Green Star Interiors relates to corporate tenancies rather than new developments.
		Green Star Communities.	In Feb 2015 Green Star Communities v0.2 was released. A fully revised version of Green Star Communities v1 was released in August 2015.	Minor significance. Green Star is a voluntary rating tool.	Mirvac have a long standing involvement with the development of the communities tool, which has led to Mirvac's Googong development being part of the pilot tool. Mirvac continue to assess opportunities to use the new version of the Communities rating tool and expect to be using it for projects through FY16.