

REEF CREDIT

STANDARD

Beta Version 1.0

Current as at: 12 November 2018

Contact

Reef Credit Secretariat www.reefcredit.org

Acknowledgements

In 2017, natural resource management not-for-profits, Terrain NRM and NQ Dry Tropics, and environmental markets investor, GreenCollar, established a partnership to guide the development of the Reef Credit Scheme. Supporting this partnership, is an Interim Steering Committee comprising the Chief Executive Officers from each of the three organisations.

Interim Steering Committee Members

- Carole Sweatman – Chief Executive Officer, Terrain NRM
- Scott Crawford – Chief Executive Officer, NQ Dry Tropics
- James Schultz -Chief Executive Officer, GreenCollar

The Interim Steering Committee is supported in its work by a Reef Credit Secretariat (Executive Coordinator - Christine Michael). The Reef Credit Secretariat is currently hosted by NQ NRM Alliance Ltd (t/a Corporate Nature).

The role of the Interim Steering Committee will cease once the Reef Credit Scheme has transitioned from Beta phase to fully operational. Governance of the Reef Credit Scheme will then transfer to an independent not-for-profit company established in Queensland. The company will be governed by a skills based Board of Directors, with the day-to-day administration of the Reef Credit Standard delegated to the Reef Credit Secretariat. The Members and Partners of the not-for-profit company will be organisations and agencies that endorse the principles and objectives of the Reef Credit Scheme, Guide and Standard.

The Board and Reef Credit Secretariat will be supported on technical aspects of the Reef Credit Standard and Methodologies by a Technical Advisory Committee.

The Reef Credit Scheme encompasses all elements to deliver water quality improvements through ecosystem service payments, primarily to farmers, in the Great Barrier Reef catchments. Components of the Reef Credit Scheme are:

- Reef Credit Guide
- Reef Credit Methodologies
- Reef Credit Registry
- Reef Credit Standard
- Reef Credit Projects
- Reef Credit Governance

The Reef Credit Scheme was launched by the Queensland State Government in October 2017, as part of two reef water quality projects, the Wet Tropics and Dry Tropics Major Integrated Projects, and aims to operate in all catchments of the Great Barrier Reef. The Major Integrated Projects, funded by the Queensland Government, and designed by the local community, support the Reef Credit Scheme by providing funding for its establishment and also piloting projects with local farmers.

The Reef Credit Scheme (including the Standard and Guide) was developed by the Interim Steering Committee. Advice and assistance was provided by the environmental markets and standard development consultants, Winrock International, via the working paper *Reef Credit Scheme Design Options*. A review of existing standards was also conducted to ensure consistency with current good practice. The Interim Steering Committee also engaged with a number of operating water quality market programs, participants and founders, and standard development organisations. The Interim Steering Committee wishes to gratefully acknowledge the contribution of existing national and international standards to the development of the Reef Credit Standard.

This document may be cited as the Draft Reef Credit Standard Beta Version 1.0 November 2018.

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1. Introduction

1.1 Reef Credit Standard - Objective

1. The objective of the Reef Credit Standard is to ensure that Reef Credit Projects meet stringent environmental, financial and community integrity conditions to effectively contribute to water quality targets described in the Reef 2050 Water Quality Improvement Plan (2018) and any subsequent revisions to the water quality targets.
2. The purpose of the Reef Credit Standard is to establish mandatory minimum rules and requirements for each component of the Reef Credit Scheme as follows:
 - a) developing Reef Credit Methodologies;
 - b) validating, registering, and monitoring Reef Credit Projects;
 - c) verifying, quantifying, crediting, issuing and transferring Reef Credits; and
 - d) Reef Credit governance

1.2 Interpretation

Definitions of words used in this document are set out in the Reef Credit Definitions attached at Schedule 1.

The Reef Credit Standard should be read in conjunction with the Reef Credit Guide which provides the rationale and principles underlying the Reef Credit Scheme and is an aid to interpreting the Standard.

The Reef Credit Standard is supported by other documents as follows:

- Reef Credit Guide
- Reef Credit Scheme Overview
- Reef Credit Scheme Options Summary

General Communication materials are available on the Reef Credit Website.

1.3 Version and Review

1. This is Beta version 1.0 of the Reef Credit Standard.
2. The Reef Credit Standard Beta version 1.0 applies during the first twelve (12) month phase of the Reef Credit Scheme commencing on the date the Reef Credit Beta version 1.0 is finalised and published on the Reef Credit Scheme website.
3. The Reef Credit Standard Beta version 1.0 will be reviewed in December 2019 to make any necessary amendments.
4. The Reef Credit Standard, and any updates to it, will be subject to a thirty (30) day public consultation period prior to adoption.
5. The Reef Credit Standard may be periodically reviewed and updated from time to time by the Secretariat for relevance and effectiveness in meeting its objectives. Unless otherwise indicated, Reef Credit Projects will operate under the version of the Standard they were approved under.

2. Scope and Application

2.1 Scope

The scope of the Reef Credit Scheme covers projects that achieve water quality improvements in Great Barrier Reef catchments arising from:

- a) land management practice change;
- b) ecosystem repair.

2.2 Reef Credit Unit and Conversion Factors

1. A Reef Credit is a quantified and verified amount of nutrient, sediment or pesticide that has been prevented from entering the Great Barrier Reef lagoon.
2. A Reef Credit is equal to a volume of pollutant reductions measured in kilograms.
3. The relative value of pollutant reduction from nutrient, sediment or pesticide is set using conversion factors derived from the reef wide catchment pollution reduction targets described in the Reef 2050 Water Quality Improvement Plan (2018). These values will be periodically amended by the Reef Credit Secretariat to reflect changes to the pollutant reduction targets.
4. The Reef Credit Secretariat will notify Project Proponents of any changes to the relative value of pollutant reduction targets by means of direct notification and publishing the new values on the Reef Credit Scheme website.
5. Pollutants, including DIN, sediment and pesticide, are converted into Reef Credit units using a conversion factor based on the reef wide pollution reduction targets described in the Reef 2050 Water Quality Improvement Plan (2018).
6. The values used to convert nitrogen, sediment and pesticide pollution reductions to Reef Credits are set out in Schedule 2.

2.3 Voluntary and Compliance Markets

1. Reef Credits may be used to meet water quality improvement commitments in a voluntary or compliance market subject to, in the case of a compliance market, the relevant regulatory agency or agencies accepting Reef Credits as a means to satisfy the compliance obligation.

3. Project Rules

3.1 General Eligibility Requirements

A Reef Credit Project must meet minimum eligibility requirements as described in Section 3.1.1 to be validated under the Reef Credit Standard and relevant Reef Credit Methodology.

3.1.1 Minimum standards for Project Proponents

A Reef Credit Project Proponent must:

- 1 be an Australian resident or body corporate, company, organisation;
- 2 comply with any applicable legislation, regulation or codes of conduct; and

- 3 pass the fit and proper person test. To be a fit and proper person means that the relevant person has not been convicted of an offence against a law of the Commonwealth, State or Territory, where the offence relates to: (i) dishonest conduct; (ii) the conduct of a business; (iii) the environment or the protection of the environment; or (iv) work health and safety.

3.1.2 Approved Reef Credit Methodology

A Reef Credit Project must use a Reef Credit Methodology approved by the Reef Credit Secretariat in accordance with the Reef Credit Standard. Projects shall apply Reef Credit Methodologies in full, including the complete application of any tools or modules referred to by the Reef Credit Methodology. The list of Reef Credit Methodologies is available on the Reef Credit Scheme website.

3.1.3 Positive and Negative List

1. The Reef Credit Secretariat shall maintain a positive list and a negative list of Reef Credit Project activities.
2. The positive list and negative list of Project activities are set out in Schedule 3.
3. The positive list identifies activities that are eligible to participate in the Reef Credit Scheme and the negative list identifies activities that are ineligible.
4. Not all activities listed on the positive list will have a corresponding approved Reef Credit Methodology. To undertake an activity on the positive list that does not currently have a Reef Credit Methodology, a methodology must be first developed and approved for use under the Reef Credit Standard.
5. The positive list may be expanded in the future by the Reef Credit Secretariat. Any additions to the positive list must undergo a 30 day public consultation.
6. The negative list may be expanded in the future using the Reef Credit Secretariat's good practice risk management assessment process.

3.2 Reef Credit Project Requirements

3.2.1 Project Start Date

The Reef Credit Project start date is the date on which the Reef Credit Project started generating nitrogen, sediment or pesticide pollution reductions.

The earliest possible Reef Credit Project start date is 1 July 2017.

3.2.2 Crediting Period

All Reef Credit Projects must have a Project Crediting Period. The Crediting Period which is to be specified in the Reef Credit Methodology shall be a minimum of five (5) years and a maximum of twenty-five (25) years.

At the end of the Project Crediting Period, a Project may apply for a new Crediting Period, subject to satisfying the Reef Credit Methodology at the start of the new Crediting Period. The baseline must be re-assessed in order to renew the Crediting Period.

3.2.3 Project Location and Project site

The Reef Credit Project must be within the boundaries of the Great Barrier Reef catchments as described in the Reef 2050 Water Quality Improvement Plan (2018).

The Reef Credit Project site must be identified by a shape file(s) describing the extent of the Project Area. If the project has multiple sites, then these must be included in the shape file(s)

3.2.4 Project Description

1. The Reef Credit Project description defines the Project's pollutant reduction activities and the expected pollutant reduction.
2. The Project proponent shall use the Reef Credit Project description template.
3. All information in the Reef Credit Project description shall normally be available to the public, though certain information may be protected where the Reef Credit Secretariat is satisfied that such information is commercially sensitive. The Project Proponent is responsible for requesting the protection of such information.

3.2.5 Legal Right and Consent Process

1. The Reef Credit Project Proponent must demonstrate free, prior and informed land manager consent which includes the right to carry out the Project activities on the Project site, and a lawful and exclusive right to be issued all Reef Credits that may be created as a result of the Project activities.
2. The Project Proponent must obtain all relevant and material regulatory approvals and permits required to undertake the project activities.
3. The legal right to carry out the Project on or for the sites or assets included in the Project must exist over a period of time that is not less than the duration of the Crediting Period for the project.

3.2.6 Other Environmental Credits

1. Project Proponents may not claim credit for the same pollution reduction under the Reef Credit Scheme and another program.
2. Projects may generate other forms of environmental credits, such as biodiversity, carbon or renewable energy certificates which must be additional to the Reef Credit.
3. Where Projects are participating in or negotiating to participate in one or more programs to create another form of environmental credit but are not currently doing so, a list of such programs shall be provided to the Reef Credit Secretariat.

3.2.7 Projects with Multiple Activities

1. Reef Credit Projects may include multiple activities where the Reef Credit Methodology applied to the Project allows more than one activity and/or where Projects apply more than one Reef Credit Methodology.
2. Where more than one Reef Credit Methodology is applied to a Project with multiple activities:
 - a. Each project activity shall be specified separately in the Project description, referencing the relevant Reef Credit Methodology; and
 - b. All criteria set out in the applied Reef Credit Methodologies in relation to applicability, additionality, determination of baseline scenario, reduction of pollutant shall be applied separately to each project activity.

3.2.8 Additionality

The Project must meet the following criteria for additionality:

1. Additionality of the Project activity must be demonstrated according to the approved Reef Credit Methodology.
2. The Project Proponent must show that the reductions are not required to be carried out or under a law of the Commonwealth or Queensland governments.

3. Where a pollutant reduction has already been funded under a different scheme or program at the same project site, a Reef Credit Project may still be undertaken either concurrently or consecutively, however Reef Credits may only be issued for pollution reduction that is additional to that already paid for. The calculation of the baseline must take into account pollution reductions already accounted for in programs other than Reef Credit Scheme.

3.2.9 Safeguards

1. A Project Proponent must identify any potential negative environmental and social impacts and must take reasonable steps to mitigate them.
2. Additional certification standards may be applied to demonstrate social and environmental benefits beyond pollutant reductions.
3. Project Proponents must take reasonable steps to consult with local stakeholders on the impact of the Project prior to Project validation and comply with the principles of Free Prior and Informed Consent.
4. Project Proponents must take account of stakeholder feedback in project design prior to project validation.

3.2.10 Permanence

1. Where pollution reductions are generated by Reef Credit Projects that carry the risk of reversal, adequate safeguards must be in place to ensure pollution reductions are permanent.
2. In the event of a reversal, the Project Proponent must account for the amount of pollutant reduction reversed.
The Project cannot be credited further until Project activities have generated pollutant reduction sufficient to cover the deficit created by the reversal.

3.2.11 Leakage

The Project Proponent must identify and assess any potential sources of leakage in accordance with an approved Reef Credit Methodology.

3.3 Baseline Scenario

The project proponent shall calculate Reef Credits generated using an approved Reef Credit Methodology.

1. A Project must have a baseline scenario
2. A Project must describe the Project baseline scenario in accordance with the requirements of the relevant Reef Credit Methodology and the choice of baseline scenario must be reasonable.
3. In defining the baseline scenario, assumptions and values must be chosen that are demonstrably conservative to ensure no over estimation of water quality improvements.
4. At the conclusion of the Crediting Period, the baseline must be reviewed and updated.

3.4 Calculation of Pollutant Reductions

1. The Project Proponent must calculate pollutant volumes and proposed reductions for each source of pollutant for both the Project scenario and the baseline scenario.
2. The net pollutant reductions to be achieved by the Project must be calculated in kilograms in accordance with the applied Reef Credit Methodology.
3. Pollutant reductions must be converted to Reef Credit units in accordance with the procedure described in Section 2.2

3.5 Monitoring

3.5.1 Monitoring

A Project Proponent must have a system for obtaining and recording all necessary information required for measuring and reporting nutrient, sediment and/or pesticide reductions in accordance with an applicable Reef Credit Methodology for the entirety of the Project Crediting Period.

3.5.2 Record Keeping Requirements

1. Project records must be retained by the Project Proponent during and for 7 years after the end of the Crediting Period.
2. The Project Proponent must make available to the Reef Credit Secretariat and Verifiers all Project documentation and Project data as required under the Reef Credit Methodology for which the Reef Credit Project has been registered.

3.5.3 Monitoring Period

1. The monitoring period has the meaning as defined in the Reef Credit Standard Definitions.
2. A monitoring period may be no shorter than 6 months and no longer than 5 years.
3. The first monitoring period commences on the Project start date.
4. The end date of a monitoring period may be selected by the Project Proponent and must fall between 6 months and five years following the start of the monitoring period.
5. All subsequent monitoring periods commence on the day after the end date of the most recent previous monitoring period.

3.5.4 Monitoring Report

1. The monitoring report describes all the information and data required for the monitoring of pollutant reductions in accordance with the relevant Reef Credit Methodology.
2. The monitoring report must include the calculation of pollutant reductions that have occurred within the monitoring period in accordance with section 3.5 of the Reef Credit Standard and the relevant Reef Credit Methodology.

3.6 Validation and Registration

A proposed Reef Credit Project must be validated against the Reef Credit Standard and the chosen applicable Reef Credit Methodology to be registered as a Reef Credit Project.

3.6.1 Validation Process

1. The Project Proponent must apply to the Reef Credit Secretariat for validation of the proposed Project against the requirements of the Reef Credit Standard and applicable Reef Credit Methodology eligibility criteria.
2. The following documents are required to be submitted to the Reef Credit Secretariat for validation purposes:
 - a. Project description (which shall include all the requirements set out in section 3.2);
 - b. Project map and spatial files;
 - c. proof of legal right to undertake the Project;
3. The associated documentation will be reviewed by the Reef Credit Secretariat for completeness and compliance with the eligibility criteria.

4. The Reef Credit Secretariat will charge a fee to cover administration costs for processing each Project application for validation as set out in the Reef Credit Fee Schedule.
5. The Reef Credit Secretariat will validate the Project provided if it has satisfied all Project requirements in accordance with the Reef Credit Standard and Methodology eligibility criteria.
6. If the project has been validated, the Reef Credit Secretariat will issue a notice of validation to the Project Proponent and the Project will be listed in the Registry in accordance with Section 3.6.2 Project Registration.
7. Only the Project Proponent may initiate the validation and registration process.

3.6.2 Registration

A Project that has been validated in accordance with Section 3.6.1 of this Standard will be registered in the Reef Credit Registry.

All registered Projects will be listed on the Reef Credits website and available for the public to search. Summary information, including details of the Project Proponent, Project location, Methodology, and Reef Credits issued in relation to registered Projects will be available from the Reef Credit Secretariat and published on the Reef Credit website subject to any information reasonably being regarded as commercial in confidence.

3.7 Verification and Reef Credit Issuance

A Project that has been registered as a Reef Credit Project may apply to the Reef Credit Secretariat for verification of a monitoring report and issuance of Reef Credits at the end of each Reef Credit Project monitoring period. This is a two-step process, Step 1- Verification and then Step 2-Issuance.

Reef Credits will not be issued for pollutant reductions that have not been verified in accordance with the requirements for verification under the Reef Credit Standard.

To apply for Reef Credit issuance the Project Proponent must submit to the Reef Credit Secretariat:

- a. An application for the issuance of Reef Credits
- b. A monitoring report covering the period over which Reef Credits are requested to be issued
- c. A verification report provided by a qualified and independent third-party Verifier approved by the Reef Credit Secretariat.

3.7.1 Verification Process

1. An independent and qualified Verifier shall review the Project and monitoring report to assess pollutant reduction claims against those realised during the reporting period.
2. The Verifier will confirm whether:
 - a. the Reef Credit Standard and Methodology has been followed accurately and completely;
 - b. appropriate documentation is in place;
 - c. the amount of Reef Credits estimated for a Project is consistent with actual on the ground conditions; and
 - d. If this is the first monitoring report for the first monitoring period, then the Verifier must also assess all documentation required as part of the validation process.
3. The Project Proponent must submit the verification report to the Reef Credit Secretariat.
4. The verification report must contain a summary of verification activities, an opinion on the Reef Credit estimates, and a log of activities and findings.
5. The Reef Credit Secretariat and Technical Advisory Committee will review the verification report and, if satisfied, the monitoring report will be verified.

6. The Project Proponent must choose a Verifier from the list of approved Verifiers provided by the Reef Credit Secretariat.

3.7.2 Level of Assurance

The Verifier shall select samples of data and information to be verified to provide a reasonable level of assurance and to meet the materiality requirements of the specific Project.

The level of assurance shall be reasonable, with respect to material errors, omissions and misrepresentations, for verification.

A discrepancy between the claimed and realised pollutant reductions of less than 10% shall be considered immaterial for the purposes of verification.

If a Verifier's estimate is within the required level of accuracy, the original Reef Credit estimate will be used to determine Reef Credit quantities.

If a Verifier's estimate exceeds the required level of accuracy, the Verifier and the Project Proponent may:

- a. agree on the revised Reef Credit quantities recommended by the Verifier; or
- b. refer the issue to the Reef Credit Secretariat's dispute resolution process.

3.7.3 Reef Credit Issuance

The Reef Credit Secretariat will perform a final review of verified Reef Credit estimates and all Project documentation, and if satisfied that relevant requirements are met, will certify the number of Reef Credits to be issued.

1. The Reef Credit Secretariat will notify the Project Proponent of the details and when certification is complete.
2. The Project Proponent may request Reef Credit issuance after verification and certification are complete.
3. The Reef Credit Secretariat will issue the credits into the registry account of the Project Proponent.
4. Reef Credits issued on the Registry are assigned unique serial numbers, so they can be tracked.
5. Project activities will only be credited at the time a source of pollution has been verified to be reduced in accordance with a Methodology's baseline requirements.
6. Reef Credits cannot be issued in advance of a pollutant reduction being generated.
7. The Reef Credit Secretariat will charge a fee to cover administration costs for each Reef Credit issued as set out in the Fee Schedule.
8. The verified Reef Credits shall be issued upon payment of the issuance fee.

3.8 Tracking and Transfer of Reef Credits

3.8.1 Tracking and Transfer of Reef Credits

1. Reef Credits may be sold by holders of Reef Credits to buyers seeking to obtain Reef Credits.
2. The sale or transfer of each Reef Credit is tracked on the Reef Credit Registry, though the terms or payments of any sales are external to the Registry or Reef Credit Secretariat process.
3. Reef Credits will be moved into the buyers registry account after notification of sale, by the Reef Credit holders to the Reef Credit Secretariat.

3.8.2 Reef Credit Retirement

1. A Reef Credit must be retired with the Reef Credit Registry to claim a water quality improvement.
2. A Reef Credit must be retired at the earlier of either:

- a) the making of a claim for the water quality improvement associated with that Reef Credit; or
 - b) twelve (12) months from the date of transfer of the Reef Credit.
3. Reef Credits issued during the Beta phase of the Reef Credit Scheme may be sold only once.
 4. Once Reef Credits are retired, the Registry will move the retired Reef Credits into a retirement account that can be reported on but not accessed for further transfer.

3.8.3 Reef Credit Vintaging

A Reef Credit will remain valid for three (3) years after the date of the verification report for which the Reef Credit was issued.

4. Methodology Requirements

4.1 General

1. Approved Methodologies that may be applied under the Reef Credit Standard are available through the Reef Credit Secretariat.
2. Development of all new Methodologies must first apply for approval through the Reef Credit Secretariat and must comply with the requirements of the Reef Credit Standard, and any other applicable rules and principles set out in the Reef Credit Guide.
3. All new Reef Credit Methodologies applying for approval under the Reef Credit Scheme will be subject to scientific peer review and public consultation.
4. Reef Credit Methodologies may use direct measurement and/or modelling approaches to estimate nutrient, sediment or pesticide loss.
5. Reef Credit Methodologies must be founded on a comparative assessment of the business as usual scenario and the alternatives to determine the baseline scenario. This must include an assessment of the barriers to implementation of the proposed methodology activities.
6. Reef Credit Methodologies must be consistent with the principles of the Reef Credit Scheme as described in the Reef Credit Guide and the rules as described in the Reef Credit Standard including clearly stating the assumptions, parameters and procedures involved in calculation of nutrient, sediment and/or pesticide loss.
7. Methodologies must take into account any uncertainty and make an appropriate confidence deduction (correction factor).
8. Where Methodologies use models to determine nutrient, sediment and/or pesticide loss the following principles must be adhered to:
 - a. Models should be publically available from a reputable and recognised source;
 - b. Model parameters should be determined based upon studies by appropriately qualified experts;
 - c. Models should be peer reviewed and tested by appropriately qualified organisations or experts;
 - d. Sources of model uncertainty should be identified and have appropriate measures for estimating uncertainty;
 - e. Models should apply conservative factors to discount for uncertainty;
 - f. Where models use discount or other default factors in the calculation of nutrient, sediment and/or pesticide loss the data used to establish the factor must be provided.
 - g. Models must be geographically applicable

9. Reef Credit Methodologies may use any combination of a Project (such as project specific history), activity (such as activities on a positive list) or performance (such as projects that meet or exceed an industry baseline) to determine baseline and additionality.
10. Reef Credit Methodologies must include sufficient information to allow readers to reach the same conclusion on the effectiveness of the Methodology as the validation and verification bodies in the Methodology approval process.
11. Only methodologies that comply with the Reef Credit Standard and the Guide and have been approved by the Reef Credit Secretariat may be used for a Reef Credit Project.

4.2 Applicability Conditions

The Reef Credit Methodology must describe the conditions under which the Methodology can (and cannot) be applied.

4.3 Additionality

The Reef Credit Methodology shall establish procedures for the demonstration and assessment of additionality based upon the general requirements set out below.

1. Reef Credit Methodologies shall use a performance or activity to determine additionality. Methods developed under the Reef Credit Scheme shall meet these requirements by doing one of the following:
 - a. Referencing and requiring the use of an appropriate additionality tool that has been approved under the Reef Credit Scheme; or
 - b. Develop a full and detailed procedure for demonstrating and assessing additionality directly within the Methodology; or
 - c. Using a separate tool, which shall be approved via the Reef Credit Methodology approval process.
2. Methodologies may adopt any of the following approaches to the assessment of additionality:
 - a. Implementation barriers (investment barrier, technology barrier or institutional barriers)
 - b. Common practice; or
 - c. Performance benchmark

4.4 Project Boundary

The Project boundary must be described and identified using geospatial mapping, and water quality improvements shall be calculated in accordance with the Methodology applied to the Project.

The Methodology will establish criteria and procedures for describing the Project boundary and identifying and assessing pollution reduction of sediment, nutrient or pesticide relevant to the Project baseline and Project scenarios.

4.5 Baseline Scenario

1. The baseline scenario for the Project must be determined in accordance with the requirements set out in the Methodology applied to the Project, and the choice of baseline scenario must be reasonable.
2. Methodologies shall establish criteria and procedures for identifying baseline scenarios and determining the most plausible scenario, taking into account the following:
 - a. The identified pollutant sources, sinks and reservoirs;
 - b. Data availability, reliability and limitations;

- c. Existing and alternative project types, activities and technologies providing equivalent type and level of activity of products or services to the Project;
 - d. Other relevant information concerning present or future conditions, such as legislative, technical, economic, socio cultural, environmental, geographic, site specific and temporal assumptions or projections.
3. Methodologies for determining the crediting baseline shall describe as far as is possible, the technologies and measures that represent the most plausible baseline.

4.6 Quantification of Pollutant Reductions

1. The Reef Credit Methodology shall establish criteria and procedures for quantifying pollutant loads separately for the Project and baseline scenarios.
2. The Reef Credit Methodology will provide a procedure for quantifying the pollutant reduction by determining the net change in pollutant loads through deduction of the Project scenario from the baseline scenario.
3. For the purposes of 4.6.1 the Methodology must identify all sources and sinks of the relevant pollutant source within the Project area and must either
 - i. provide a mechanism for quantifying changes within each source or sink; or
 - ii. if a source or sink is excluded from the procedures for quantification provide explanation as to why it is conservative to do so.

4.7 Project Leakage

The Methodology must include procedures for identifying the risk of Project leakage and provide a method for accounting in the calculation of Reef Credits the deduction as a result of project leakage.

4.8 Approval of new Reef Credit Methodologies

1. The Reef Credit Methodology development process is set out below.
2. Methodologies may be written in accordance with the Methodology development template for any activity that will lead to pollution reduction that is not on the negative list.
3. Methodology applications may be rejected by the Reef Credit Secretariat at its discretion if the Methodology is not considered to be consistent with the Reef Credit Guide principles.
4. New Methodologies will be subjected to scientific peer review and a thirty (30) day public consultation process.
5. At the end of the public consultation process, the Methodology developer will need to respond to the peer reviewers and public consultation before making a final application to the Reef Credit Secretariat for Methodology approval.
6. The Reef Credit Secretariat can utilise the Reef Credit Technical Advisory Committee to provide specialist input to this process.
7. Methodologies that successfully complete this process will be made available to all prospective Project Proponents.

4.9 Revising Reef Credit Methodologies

1. Reef Credit Methodologies may be periodically reviewed or revised at the request of the Reef Credit Secretariat.
2. The Reef Credit Secretariat will consider requests for review or revision of Reef Credit Methodologies and, if appropriate, will initiate the process.

5. Registry

The Reef Credit Registry is administered by the Reef Credit Secretariat. Project Proponents and prospective purchasers of Reef Credits must apply to the Secretariat to open an account with the Reef Credit Registry.

The Reef Credit Secretariat is responsible for:

- a. registration of Reef Credit Projects;
- b. Reef Credit issuance, including ensuring Reef Credits issued are in accordance with the Reef Credit Standard;
- c. holding, transferring and retiring Reef Credits;
- d. providing Reef Credit custodial services;
- e. maintaining records of Reef Credit legal ownership.

Reef Credit project information is available via the Reef Credit website subject to commercial in confidence.

A unique Reef Credit serial number will be assigned to each Reef Credit.

6. Requirements for Approved Verifiers

1. Verifiers must be accredited by the Reef Credit Secretariat before they are eligible to conduct verification activities.
2. To become accredited, the Verifier must apply to the Reef Credit Secretariat by completing the Verifier accreditation template.
3. The Verifier must meet the eligibility requirements set out in this section in order to be approved by the Reef Credit Secretariat.
4. A Verifier must demonstrate their ability to professionally assess a Reef Credit Project without conflicts of interest, as defined in the conflict of interest code.
5. Verifiers must work in a credible, independent, non-discriminatory, and transparent manner, complying with applicable laws.
6. Verifiers must disclose any pre-existing relationship between themselves and the Project Proponent or purchaser.
7. Verifiers must provide a completed conflict of interest form to the Reef Credit Secretariat before verification activities can proceed.
8. Verifiers must not provide verification services to a Project Proponent for more than five consecutive monitoring periods.
9. If a Verifier violates any of these conditions, the Reef Credit Secretariat, at its discretion, may disqualify an accredited Verifier for a period of up to five (5) years.
10. All verification costs shall be borne by the Project Proponent.
11. Verifiers must have experience and qualifications commensurate with the technical, integrity, independence and operational requirements of Australian environmental markets.

Experience relevant to the mechanism would include 5 years or more of audit team leadership in existing or previous environmental market mechanisms in carbon, biodiversity or water quality

including UNFCCC CDM, VCS, CCBA, NGER audits, CFI/ERF audits, NSW GGAS or equivalent mechanisms regulated by state, territory and federal departments.

12. Verifiers must be accredited either by:

12.1. The Clean Energy Regulator as a Category 2 (Team Leader) Greenhouse and Energy Auditor.

12.2. An organisation accredited by the Joint Accreditation System of Australia and New Zealand Environment Scheme.

7. Non Compliance

A Project Proponent must report any actual or anticipated non-compliance with a requirement under the Reef Credit Standard within thirty (30) days of detection.

The Reef Credit Secretariat and Technical Advisory Committee will investigate any reported non-compliance.

If the reported non-compliance is of a serious nature, the Project Proponent's account on the Registry may be suspended while the issue is investigated.

If the non-compliance is found to have occurred and is not remedied or capable of being remedied within a reasonable period of time, the Reef Credit Secretariat may, in its discretion cancel the Project.

8. Dispute Resolution

The Reef Credit Secretariat maintains and publishes a dispute resolution processes to log, review and address disputes in a timely and transparent manner. During the development of the formal documented process, all issues or complaints can be lodge via the webpage, www.reefcredit.org.

9. Governance

Governance structure

An independent not-for-profit company established in Queensland will administer the Reef Credit Scheme. The company will be governed by a skills based Board of Directors, with the day-to-day administration of the Reef Credit Standard delegated to the Reef Credit Secretariat (staff). A governance diagram is provided in the Reef Credit Scheme Guide.

Members and Partners

The Members and Partners of the not-for-profit company will be organisations and agencies that endorse the principles and objectives of the Reef Credit Scheme, Guide and Standard. Partnership is offered to organisations that are unable to become members due to legal or other constraints.

Technical Advisory Committee

The Board may establish a Technical Advisory Committee to complement the skills of the Board and Reef Credit Secretariat on technical aspects of the Reef Credit Standard and Methodologies.

Schedule 1 – Reef Credit Definitions

Additionality – a requirement that a project activity delivers water pollutant reductions over and above what would have occurred without the Reef Credit project.

Beta Phase – The first twelve months of the Reef Credit Scheme operation.

Baseline Scenario – the conditions that would have been expected to exist in the absence of a Project and against which any future ecological benefits or impacts can be measured.

Business as usual – water pollutant reductions that would have occurred without any additional intervention.

Crediting Period – the time period for which pollutant run-off reductions generated by the Project are eligible for issuance as Reef Credits.

Double counting – the benefit of a singular pollutant reduction or removal being used more than once.

Free, prior and informed consent – the concept that recognises peoples' inherent rights to their lands and resources and respects their legitimate authority to require that third parties enter into equal and respectful relationships with them, based on the principle of informed consent.

Governance – the method or system by which an organisation is run and controlled.

Great Barrier Reef catchment area – is the land adjacent to the Great Barrier Reef from which all surface runoff and groundwater flow through a system of creeks, rivers, aquifers and lakes or other bodies of water into the sea.

Great Barrier Reef lagoon – the shallow coastal sea between the mainland adjacent to the Great Barrier Reef and outer reefs, and the area separating individual reefs.

Land use plan – documented proposal for implementing Project activities for the duration of the project period.

Leakage – the displacement of activities that harm water quality from one location to another.

Methodology – a specific set of criteria and procedures following scientific good practice, which apply to specific project activities, for identifying the project boundary, determining the baseline scenario, demonstrating additionality, quantifying net pollutant reductions and/or removals, and specifying the monitoring procedures.

Monitoring – activities undertaken after the decision is made to implement a Project to examine its implementation and assess whether a Project is meeting its targets.

Monitoring Period - is the period of time for which pollutant reductions are monitored and accounted.

Monitoring plan – describes how monitoring will be conducted over the life of the Reef Credit Project to ensure project success.

Monitoring Report – the report prepared in accordance with section 3.5 and submitted the Reef Credit Secretariat at the end of each monitoring period for the purpose of verification.

Net pollutant reductions – pollution reductions created by a Project activity, minus the baseline scenario and any deductions for leakage.

Non-compliance – a failure to comply with a requirement under the Reef Credit Standard that:

- a) continues over a lengthy period of time;
- b) is repeated or of a systemic nature;

- c) affects a significant area;
- d) causes significant damage.

Participant – a landholder that is participating in the Reef Credit Project by developing and implementing a land management plan.

Person – an individual, body corporate or executive officer of a body corporate.

Project – activities or actions implemented for which certification is sought.

Project Area – the area over which project activities are being implemented.

Project description – the document that describes the Project's pollutant reduction activities.

Project application – the documentation submitted to the Reef Credit Secretariat to register a Project under the Reef Credit Standard.

Project boundary – project boundary includes a project's physical boundary or implementation area, the pollution sources, and the project duration.

Project concept note – a project concept proposal describing the proposed location, activities and organisations involved, which is assessed for basic eligibility to use the Reef Credit Standard.

Project design document – the key Project document that includes all information concerning project design and how it conforms to the Reef Credit Standard requirements and containing information on the project's objectives, participants and governance, activities, processes and anticipated impacts.

Project end date – a minimum of 5 years to a maximum of 25 years after project commencement and must be defined at project application.

Project Proponent – an individual or entity that undertakes, develops, and/or owns a project.

Project ownership – the legal right to control and operate the project activities.

Project start date – the date on which the project began generating pollutant reductions or removals.

Proof of ownership – the document(s) demonstrating the entity's right to all and any pollutant reductions or removals generated by the project.

Reef Credit – a quantified and verified volume of nutrient, pesticide or sediment that has been prevented from entering the Great Barrier Reef lagoon.

Reef Credit Project – a project registered by the Reef Credit Secretariat and listed on the Reef Credit Project Registry

Reef Credit Project database – the project database that records all Reef Credit Projects that provides public access to Project information.

Reef Credit rules – the rules and requirements set out in the Reef Credit Guide, Reef Credit Standard and the other Reef Credit documents.

Reef Credit Secretariat – the administrative office responsible for the administration of Reef Credit Scheme.

Reef Credit website – www.reefcredit.org.

Reef 2050 Plan – is the overarching framework for protecting and managing the Reef until 2050 and was released by the Australian and Queensland governments in March 2015.

Reef 2050 Water Quality Improvement Plan Water Quality Targets – are targets set under the Reef 2050 Water Quality Improvement Plan (2017-2022).

Reporting period – the span of time during which Project activities are being accounted.

Registry – the secure electronic platform operated by the Reef Credit Secretariat which is used to receive, transfer and retire Reef Credits using unique serial number tracking to ensure transparency, traceability and integrity for all Reef Credits.

Registry system – the system established by the Reef Credit Secretariat, comprised of the Reef Credit project database and the Reef Credit Registry, to provide Project Proponents with the ability to list and register projects, and issue, transfer, hold and retire Reef Credits.

Retirement – the permanent removal of a Reef Credit from circulation in the Reef Credit Registry system which represents a reduction or removal of one kilogram of DIN.

Risk of reversal – the possibility that pollutant removals or reductions may not be permanent because a project has exposure to risk factors, including unintentional reversals (e.g. flood) or intentional reversals (e.g. landowners or Project Proponents choosing to discontinue project activities).

Stakeholder – an individual, group or body that has a legitimate stake or interest in the project and is either participating in or likely to be directly or indirectly affected or influenced by the project.

Validation – the initial assessment of a Project against the requirements of the Reef Credit Standard and approved methodology.

Validation checklist – a document used to screen a Project site's eligibility to generate and sell Reef Credits. The validation checklist confirms basic information related to ownership and records the proposed action, project timeline, and location of a project site.

Verifier – an accredited and independent person or organization approved by the Reef Credit Secretariat to verify pollutant reductions and assess methodologies within the requirements of the Reef Credit Standard.

Verification – the independent assessment by a qualified and impartial third party of the pollutant reductions and/ removals for a specific reporting period.

Verification protocol – a procedural document that provides standardised, specific guidance on the review and assessment of credit issuance and details the process for becoming an accredited Verifier.

Verification report – the written report of the verification prepared by the Verifier in accordance with the Reef Credit rules.

Voluntary market – a market for voluntary Reef Credits that have been certified through voluntary certification processes.

Schedule 2 – Conversion Factors

Pollutant	Target	Conversion Factor
DIN	60%	1
Fine Sediment	25%	354
Pesticide	Not a load based target	Not currently available
Particulate Nutrient	20%	Not currently available

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Schedule 3 – Positive List and Negative List

Positive list (eligible activities)

Gully restoration

Wetland restoration

Fertiliser management

Grazing management

Negative list (ineligible activities)

Without limitation, the Reef Credits excludes projects that:

- involve the planting of non-endemic invasive species;
- negatively impact existing functional ecosystems;
- generate pollution to provide a baseline for their subsequent removal, and/or
- pose significant risk to flora or fauna communities

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