

REEF CREDIT STANDARD – Consultation Feedback 2019

Comments received during the 12 November 2018 – 12 December 2018 Public Consultation on the draft Reef Credit Standard V1.0; Responses 8 March 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
1.	Acknowledgements	Page 1. Suggest re-wording: '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...' to The Queensland Government launched the Reef Credit Scheme in October 2017, as part of two reef water quality projects, the Wet Tropics and Burdekin Major Integrated Projects...	Suggested update	Updated as suggested
2.	Introduction	1.1.2c (pg 4) quantifying should come before verifying	Suggested update	Updated as suggested
3.	1.3	We note that unanticipated challenges are likely to arise during implementation and encourage the Reef Credit Secretariat and Board to address these adaptively. To this end it may be useful to detail more clearly the circumstances and notification of amendments to the Standard would be made prior to the planned December 2019 review (i.e. to provide additional detail to point 5 in the Standard, Section 1.3).	Suggested update	Agreed, any amendments will go through a public consultation process and will be published on the website. We do not anticipate any amendments will be needed before December 2019 but if they are then a transparent and public process will be followed. References to 'beta' have been removed from section 1.3 to make it clear that this is not a trial.
4.	Scope and Application	At this initial stage, the scope covering land management practice change and ecosystem repair is reasonable as scientific understanding in these areas is relatively well supported by long-standing research in relevant fields.	General comment	Noted
5.	2.1	2.1 scope (pg 5): Does the Scheme apply to any land use? Or just agricultural uses? This could be clearer.	Suggested update	Not updated - the Scheme applies to any land use, though foundation methodologies relate to agricultural uses. Wording is left as is to maintain flexibility. 2.1 does not limit the operation of the Scheme to agricultural practice.

REEF CREDIT STANDARD – Consultation Feedback 2019

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6.	2.2	2.2 Reef Credit Unit and Conversion Factors (pg 5): 1) It is not clear how the relative value of Reef Credits has been calculated. Suggest that a supplementary document may be needed to explain this process transparently. 2) It is also not 100% clear what the quantity of pollution reduction for each Reef Credit represents - is it a total reduction or a reduction per monitoring period (e.g. for fertiliser, 1 Reef Credit might represent 1kg DIN reduced in 1 year, but for wetlands, it might represent 1 kg DIN reduced over two - five years?) 3) This could be clarified in the standard or in the supplementary document.	Suggested update	Accepted. 1) section 2.2 amended and schedule 2 amended to include further explanation - any pollutant with a load based target could be included in the table so all of them are listed. Pesticide is not a load based target, so no conversion factor is provided. The WQIP target is noted and what this means is also noted. The process used to create equivalencies across pollutant reductions for Reef Credits are set out in Schedule 2. Note that reduction or removal is calculated on per annum basis (i.e. Load reduction by 2025 (t/kt) per year) and equivalence is not 'functional' equivalence but 'proportional' equivalence with reference to targets. "Pollutants" means those with a load based target in QWIP. 2) Reef Credits are issued based on the amount achieved in a monitoring period. 3) Section 3.5.3.2 is amended to provide that a monitoring period may be no shorter than 6 months or longer than 1 year (to align with reporting to WQIP report card).
7.	2.2	Recognizing that Reef Credits are intended to contribute towards the achievement of pollutant reduction targets, there will need to be an explicit accounting link between a Reef Credit and contribution towards the target. This would most likely form part of, or be an addendum to, the Methods. Given the importance of this link for integrating regulations with Reef Credits from an accounting perspective we suggest that the Standard incorporate a statement detailing the intended process structure.	Suggested update	The methodology will require data to be framed in a way that can be used to meet verification processes for the Secretariat and for reporting to government. We have provided a description in the Standard that would allow for that. There will not be a single process. Data access is a contractual relationship between the Secretariat and Government.
8.	2.2	Reducing sediment supply to streams through erosion control also reduces the particulate nutrient supply to streams which will assist progress towards the GBR particulate nutrient target of 20% reduction by 2025 (Reef 2050 WQIP). We note that the particulate nutrient effect of erosion control is not currently recognized in the relative credit values (Standard 2.2 point 5). We encourage early inclusion of this value to avoid the effect of biasing the balance between erosion control and fertilizer management activities covered by the scheme.	Suggested update	Schedule 2 has been updated to include all pollutants that have a load based target in the WQIP.

REEF CREDIT STANDARD – Consultation Feedback 2019

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9.	2.2.1	2.2.1 (pg 5): Based on information available about the scheme and draft methods, a Reef Credit seems to be calculated based on reducing sediment or DIN losses at the farm/property scale. This is entirely appropriate. Suggest you may wish to re-consider wording in the Standard about Reef Credits being calculated based on reducing sediment or DIN loads to the Reef. While this will certainly occur as a result of improvements at the farm scale, tying Reef Credits to reduction in loads at the lagoon introduces concern about time lags, transformations within river systems, and other complications. Something to consider.	Suggested update	No update, the methodologies will describe the translation of on farm changes to pollutant reductions at the GBR lagoon.
10.	2.2.2	2.2.2 (pg 4) suggest replacing "A Reef Credit is equal to a volume of pollutant reductions measured in kilograms" with "A Reef Credit is equivalent to removing one kilogram of dissolved inorganic nitrogen from the waters entering the Great Barrier Reef lagoon from its catchments". At least consider replacing 'equal' with 'equivalent' and replace either 'volume' or 'kilogram'. Kilograms are units of mass not volume.	Suggested update	Agreed, section 2.2.2 updated to an 'amount' rather than a 'volume'.
11.	2.2.3	2.2.3 Note that pesticide target in Reef 2050 Water Quality Improvement Plan is no longer a load reduction target, it has been changed to focus on concentrations to meet levels of ecosystem protection. Could consider re-wording the first sentence to reflect this.	Suggested update	Not updated - "pollution reduction" is sufficient to cover both load reduction and concentration reduction. We have added detail to schedule 2 to explain this.
12.	2.2.3	It might use useful to provide an example to explain 2.2.3. The value aspect will be important to landholders and this dot point is very technical/jargon-heavy as it currently stands.	Suggested update	Noted. Schedule 2 has been expanded to include further details.
13.	2.2.5	2.2.5 (pg 5): Point 5. Specifically mentions DIN whereas nutrients mentioned elsewhere. Is it just DIN or all nutrients? DIN is not defined - suggest it should be spelled out and added to glossary.	Suggested update	Definitions have been updated so that "pollutants" are now defined as "those substances with a target under the WQI plan". DIN is defined in the glossary.

REEF CREDIT STANDARD – Consultation Feedback 2019

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14.	Project Rules	<p>The following general questions have been raised which means they weren't able to be easily extracted from the documents and could be clarified either in the Standard or Guide:</p> <p>1) How are losses from natural events and disasters (e.g. floods and cyclones) managed? 2) Is there some sort of insurance to pay for any remediation work that might be required?</p> <p>3) Have the time lags for sediment reduction to reach the reef been adequately taken into account? There are long time lags between mitigation work and the sediment reduction benefiting the reef, particularly taking into account long climate cycles.</p> <p>4) Will the landholders be audited for the whole contracted period? 5) Is there funding set aside for the full 25 years to ensure this happens?</p> <p>6) Similarly is there funding set aside (perhaps generated by the sale of credits) for the independent governance arrangements across the whole time period?</p>	Suggested update	3.2.10 revised to include a risk of reversal buffer to be maintained by the Secretariat. The buffer will be applied to all Reef Credit Projects. The buffer contribution will be calculated on a project-by-project basis using the risk of reversal assessment tool set out in Schedule 4. 2) insurance will be dealt with in the methodology 3) no, time lags are not dealt with nor are they in any other program 4) verification is required at the end of every monitoring period throughout the life of the project (3.7 para 2 makes this explicit). 5) funding set aside for the full period is a contractual arrangement between landholder and project developer. 6) Independent governance will be self-sustaining through Secretariat service fee charges e.g. project registration fees, issuance fees, registry fees
15.	3.1.3	3.1.3 positive and negative list (pg 6) points 5 and 6: To add to a positive list there needs to be a public consultation period but the same doesn't apply to the negative list. Suggest there could be public consultation for the negative list as well (seems fair in case someone suggests a specific technology or competitors product etc be added to the negative list - gives people a right to appeal).	Suggested update	Updated as suggested
16.	3.1.3.5	3.1.3.5 (pg 5) The negative list "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" could be more clearly worded, many of the terms and phrases used raise questions about definition. Perhaps something like: "...excludes projects that: involve planting species that are not native to the bioregion (according to the Queensland flora census), or; degrade the condition of native ecosystems, or; generate pollution to provide an inflated baseline for their subsequent removal, or; pose significant risk to native flora, native fauna or native regional ecosystems"	Suggested update	Updated as suggested

REEF CREDIT STANDARD – Consultation Feedback 2019

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17.	3.1.3.6	3.1.3.6 (pg 6) "good practice risk management assessment process" - what is this? Is this process available for comment?	Question	Noted. The process will be available for comment at the next review of the Standard. One of the Board's first tasks will be to develop a risk management assessment process based on industry best practice. Include in FAQ clarification that further processes and protocols will be developed.
18.	3.2.1	3.2.1 Project start date (pg 6): could provide some context somewhere in the Guide or Standard about why projects are able to start in 2017, two years before the Standard is finalised. The MIPs team understand this background, but many others don't.	Suggested update	Agreed, acknowledgments section in Guide and Standard updated to say that the pilot projects have been enabled through the MIPs which has meant that these could start in 2017. The context for this is also explained on the website.
19.	3.2.1	3.2.1 might be useful to explain how a project can start from 1 July 2017.		Agreed, acknowledgments section in Guide and Standard updated to say that the pilot projects have been enabled through the MIPs which has meant that these could start in 2017. The context for this is also explained on the website.
20	3.2.2	3.2.2 Crediting period (pg 6): It is not 100% clear in the Standard whether the method, baseline and Reef Credit value used to initially generate a project is 'locked in' for the life of the project or whether it can be amended throughout, e.g. in response to changes in regulation or changes in Reef Credit values. Suggest it needs to be clear whether these are set or can be varied.	Suggested update	The Standard provides it can be continuously reviewed and amended and this would account for any changes in regulations. In addition, Reef Credits cannot be issued for meeting a regulatory requirement. Baselines are not changed if regulation changes during the crediting period, projects simply do not receive credits that they otherwise would have.
21.	3.2.2	3.2.2 (pg 6) assume "baseline" is referring to the crediting baseline? Suggest more clarity.	Suggested update	Not updated - sufficiently clear

REEF CREDIT STANDARD – Consultation Feedback 2019

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22		The Standard mentions contract lengths of 5 – 25 years. The Nutrient Method proposal attached to the presentation mentions a 10-year contract length. The increased flexibility provided by a shorter e.g. 5-year or even 3-year contract length would potentially be attractive to farmers. [This could be tested specifically via a choice experiment study].	General comment	The Standard refers to 'crediting periods' (the 'contracting period' is an arrangement between the landholder and project developer and is not dealt with in the Standard). There are no restrictions on the contract period, this is a matter of negotiation between project developer and landholder. The Standard doesn't need to further describe contract negotiation periods. Contract period and crediting period are not the same thing. Crediting period is the period during which the project is approved. The contracting period is up for negotiation.
23	3.2.3	3.2.3 Project location (pg 6): note the Reef 2050 WQIP doesn't spatially define GBR catchments, although there are catchment profiles available on-line that are linked to the Reef 2050 WQIP. Will the Secretariat be seeking a shape-file for GBR catchment boundaries?	General comment	Yes, we request that the Qld government provide an online link for broad access.
24	3.2.5.1	3.2.5.1 (pg 7) . Suggest generalising "land manager" to "eligible interest holder". Text should refer to Native Title and the CER guidance http://www.cleanenergyregulator.gov.au/DocumentAssets/Pages/Emissions-Reduction-Fund---Native-title-legal-right-and-eligible-interest-holder-consent-guidance.aspx	Suggested update	Updated 3.2.5.1 to provide: The project proponent must seek the consent of landholders. "Landholder" includes landholders, banks or mortgagees, state and territory Crown Lands Ministers, and if the project area is on native title land, any registered native title bodies corporate.
25	3.2.6	In the event that 'credit stacking' is encouraged (such as in the example above) we suggest that: 1) A pragmatic approach is taken to ensure flexibility across schemes where they are in principle consistent with delivery of Reef Credits (i.e. that the priority given to Reef Credit Standard and Methodologies may need to be relaxed in some instances). 2) Reef Credit processes are designed and implemented in such a way that monitoring, verification and reporting is conducted via a one-stop-shop approach and accreditation and other costs are not duplicated across schemes. 3) Consider automatic credit recognition on application for specific activities under alternative schemes where they are compatible with Reef Credit Scheme principles and approach.	General comment	1) We consider that the Standard adequately allows for credit stacking and interaction with other schemes 2) We are always interested in keeping administrative costs low, but currently this is not practical 3) section 4.9 provides a mechanism for revising methodologies. The Reef Credit includes other programs in its assessment of additionality and baselines.

REEF CREDIT STANDARD – Consultation Feedback 2019

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26	3.2.6.1	3.2.6.1 – it might be useful to explain how this dot point relates to growers who have accessed incentive payments – and had that water quality benefit captured by P2R. What is meant by “another program”?		This is covered by the additionality section.
27	3.2.8	Specifically with respect to additionality (Standard 3.2.8) we suggest that reductions funded under the Reef Trust Nitrogen Tender Program are incorporated into the baseline for any future Reef Credits. That is, that the Reef Credits Scheme baseline is the same as the contracted baseline under that program.	General comment	This is covered by the additionality section.
28	3.2.8	There is some emphasis on financial additionality as a key measure of additionality. Reducing fertiliser application, at least in the neighbourhood of regulatory requirements, has consistently been modelled as financially beneficial to landholders, yet uptake is patchy at best. Several schemes have been designed to allow landholders to experiment with, or otherwise explore win-win options to reduce nutrient application (and therefore loss) at the same time as increasing profitability. These include targeted extension programs which work with farmers to develop nutrient management plans, and the Reef Trust Tender program which was designed as a temporary payment to support nutrient reduction (through a nutrient management plan) with the assumption of a long-term cost neutral or better outcome to landholders driving retention of the lower application rates into the future. It is unclear how these types of programs feed into the Reef Credit financial additionality model (certainly payments for more than a few years would not appear to qualify). We suggest caution over both the term which Reef Credits would apply before a revised baseline setting as well as potentially caps on maximum credits that qualify where financial additionality is low and the constraint relates to asymmetric information.	General comment	The definition stands regarding financial additionality. In the case of extension services the landholder is not paid to do the action and as such the action is financially additional.
29	3.2.8.3	3.2.8.3 – it might be useful to provide an example/scenario for the concept of additionality. Without a water quality calculator, how reliable is the calculation of additionality? . What happens if loss is the result from an extreme weather events.		The nitrogen method deals with these issues.
30	3.2.9.4	3.2.9.4 – proponents must take account of feedback. Does this mean it can be considered but disregarded or should this be that proponents must act on feedback.		To the extent that the stakeholder's consent is required, if the stakeholder's comments are disregarded, that consent may be withheld.

REEF CREDIT STANDARD – Consultation Feedback 2019

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31.	3.2.10	3.2.10 – who decides that there are adequate safeguards in place to minimise reversal? What is the decision based on? Can this decision be appealed? If so, who to?		3.2.10 revised to include a risk of reversal buffer to be maintained by the Secretariat. The buffer will be applied to all Reef Credit Projects. The buffer contribution will be calculated on a project-by-project basis using the risk of reversal assessment tool set out in Schedule 4.

REEF CREDIT STANDARD – Consultation Feedback 2019

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32	3.2.10	<p>3.2.10 Permanence. The concept of permanence has casused some confusion (e.g. see questions below). 1) Suggest a brief example of what is meant by permanence (either in the Standard/Guide/definition) would be helpful.</p> <p>2) Is the time frame from the credit purchaser matched to the timeframe of the credit seller? Credits are intended to be permanent, but it looks like most contracts are 10-25 years in length. Does the seller buy a new credit after this period? Or do we expect the land manager to provide the service beyond the contracted period (i.e. keep reducing fertiliser etc)?</p> <p>3) Are the fertiliser reductions instead not meant to be permanent but calculated on a tonnage basis?</p> <p>4) Will any risk of reversal (e.g 5%) be taken to mitigate the scheme level risk?</p>	Suggested update	<p>1) Updated to include definition of 'permanence' (permanence refers to whether the net benefit of a pollutant removal will remain fixed for a long period, or whether the process may soon be reversed). Permanence is explained in the context of 'risk of reversal' - refer to definition of 'risk of reversal'. 'Permanence Period' is defined to mean 50 years or some other period as defined by the Secretariat.</p> <p>2) Crediting period is unrelated to permanence of credit.</p> <p>3) A distinction between abatement and sequestration is drawn in relation to permanence. Permanence obligations only attach to 'sequestration' as opposed to 'avoidance' or 'abatement' projects. Permanence obligations will be set out in the relevant sequestration methodology. Abatement or avoidance projects are activities that receive credits after pollutants are reduced or avoided from being released into waterways. Once they have been avoided, there is a permanent saving and so no ongoing requirements are needed for these types of projects. Sequestration projects are activities that receive credits for pollutants that are stored in the landscape on the basis that it will remain in the landscape for at least the 'permanence period' applicable to the project. 4) 3.2.10 revised to include a risk of reversal buffer to be maintained by the Secretariat. The buffer will be applied to all Reef Credit Projects. The buffer contribution will be calculated on a project-by-project basis using the risk of reversal assessment tool set out in Schedule 4.</p>

REEF CREDIT STANDARD – Consultation Feedback 2019

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33	3.2.10	In the event of a 'reversal' (3.2.10) the proponent must account for the amount of pollutant reduction reversed. In the event of natural disasters major 'reversals' could occur for sediment that it is either impractical or prohibitively expensive for proponents to restore. Project non-compliance due to environmental factors outside the control of the proponent, or simply because of the uncertainty often surrounding environmental works, may be a major disincentive to landholder participation. One suggestion to manage this is the use of a trust to be accessed in circumstances where the proponent can demonstrate good management but estimated reductions/outcomes do not eventuate. An alternative arrangement would be to include an insurance component in credit fees to facilitate remediation works or alternative credit purchase where 'reversals' are demonstrably outside of the control of landholders. We note that the discretion to cancel projects may also be considered part of natural disaster management albeit with risks to market reputation if not managed carefully.	Suggested update	3.2.10 revised to include a risk of reversal buffer to be maintained by the Secretariat. The buffer will be applied to all Reef Credit Projects. The buffer contribution will be calculated on a project-by-project basis using the risk of reversal assessment tool set out in Schedule 4.
34	3.2.10.2	3.2.10.2 Permanence (pg 8) "must account for" - this is vague, be more explicit that the proponent must compensate for reversal (except in cases of force majeure etc). Align with Clean Energy Regulator requirements.	Suggested update	Updated to use word 'quantify' instead of 'account'. We disagree that the proponent must necessarily compensate for reversals.
35	3.2.10	3.2.10 Permanence - risk of reversal is probably not adequately captured, particularly where there is a risk of climatic reversal. Could include mechanisms for contract transfer/regnegotiation.	General comment	Dealt with under risk of reversal buffer. Buyers and sellers can minimise risk of delivery in a number of ways.

REEF CREDIT STANDARD – Consultation Feedback 2019

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36	3.2.11	3.2.11 – would be useful to have an example of “leakage”.		Update to include description in Guide: “...the project proponent must assess, account for, and mitigate leakage, in accordance with the relevant approved methodology. Project proponents must deduct leakage that reduces the pollutant reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology.” Include general explanation in Guide or Standard: “Leakage” is the displacement of activities that harm water quality from within the project boundary to a location outside the project boundary (but within the Great Barrier Reef catchment area). Leakage occurs if improving water quality within project areas has a knock-on effect of reducing water quality elsewhere. Leakage may be caused by shifting of the activities of people present in the project area. For example, if there is a risk that farming on adjacent land might be intensified to compensate for reduced output in the area covered by the scheme. Leakage can also occur due to market effects whereby pollutant reductions are countered by pollution created by shifts in supply of and demand for the products and services affected by the project. Leakage results in a lower provision of water quality improvement services being attributable to the project.”

REEF CREDIT STANDARD – Consultation Feedback 2019

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37	3.2.11	3.2.11 The concept of 'leakage' could be better defined/introduced and explained in the document. Page 7 is the first time the term is used, and is only explained on Page 16 (definition), with no clear requirement as to how it should be addressed with project rules/information requirements.	Suggested update	Update to include description in Guide: "...the project proponent must assess, account for, and mitigate leakage, in accordance with the relevant approved methodology. Project proponents must deduct leakage that reduces the pollutant reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology." Include general explanation in Guide or Standard: "Leakage" is the displacement of activities that harm water quality from within the project boundary to a location outside the project boundary (but within the Great Barrier Reef catchment area). Leakage occurs if improving water quality within project areas has a knock-on effect of reducing water quality elsewhere. Leakage may be caused by shifting of the activities of people present in the project area. For example, if there is a risk that farming on adjacent land might be intensified to compensate for reduced output in the area covered by the scheme. Leakage can also occur due to market effects whereby pollutant reductions are countered by pollution created by shifts in supply of and demand for the products and services affected by the project. Leakage results in a lower provision of water quality improvement services being attributable to the project."
38	3.3	3.3 – there is no reference to the interplay of reef credits and regulated minimum standards. I think this should be included.	Suggested update	3.3 relationship with regulated minimum standards is covered under additionality;
39	3.3.2	3.3.2 – who decides is the baseline scenario is reasonable? Can it be appealed? Maybe the Technical Advisory Committee has a role here?	Question	3.3.2 the baseline scenario is determined by the methodology, "and must be reasonably assured during validation and verification"
40	3.3.2	3.3.2 Baseline scenario (pg 8) "choice of baseline must be reasonable" - this is rather vague and open to interpretation and gaming. E.g would a reasonable baseline include a scenario with future decreases in water quality? Suggest this could be tightened.	Suggested update	No update - the methodologies will deal with baselines "and must be reasonably assured during validation and verification".

REEF CREDIT STANDARD – Consultation Feedback 2019

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41.	3.3.4	3.3.4 Baseline scenario (pg 8) "the baseline must be reviewed and updated" - For what purpose? With respect to what? A new baseline, or a more accurate old baseline? Suggest it needs to be clarified.	Suggested update	Updated to include the words "...if the project is to continue after the end of the crediting period."
42	3.5	3.5 Monitoring (pg 10): In order to allow Reef Credits for relevant methodologies to be reported through annual report cards, we request that the project proponent answers the standard Paddock to Reef management practice adoption questions ('before' and 'after') and delineate the spatial area where they are doing a project, as required by other government funded projects. This data would need to be reported to Paddock to Reef (P2R) team via kevin.mccoskerdaf.qld.gov.au by 31 July each year to inform the annual report card process.	Suggested update	This is part of the methodology and data sharing arrangements.
43	3.5	3.5 Monitoring: There is confusion amongst readers about what monitoring is required (e.g. see comment below from DAF). Many have taken the reference to monitoring to mean that water quality monitoring is required for all methods. Suggest the Scheme or Guide may wish to provide some examples of what monitoring may be needed. WQ monitoring may be a constraint. It will be costly if projects need to do monitoring before, during and after a project to show the pollutant reductions. This may end up costing more than the credits are worth. It is good to ensure accountability but also needs to be reasonable and commensurate with current monitoring and reporting of other initiatives (e.g. a lot of modelling used).	Suggested update	Noted. It is not necessary to monitor water quality. The definition of 'Monitoring' has been revised to make this clearer. 'Monitoring' refers to the process of assessing the implementation and activities of the Project and assessing whether a Project is meeting its targets. Reef Credits are issued on the basis of specified actions or the implementation of particular agreed measures having been independently verified. Measurement of the outcome for which the Reef Credit is issued is subject to the accounting requirements of the methodology. For further clarity, 3.7 has been updated to include reference to the management "activity" having been verified.
44	3.5.3	The rationale for the maximum monitoring period of five years is unclear, especially on commencement. Our suggestion is that the initial monitoring period should be annual, potentially for a period of several years in order to establish a track record of compliance. In the absence of early and regular monitoring there is a high likelihood that monitoring will not measure the actual effect on FSS load, since changes in management between monitoring would be confounded by changes in climate.	Suggested update	Section 3.5.3.2 is amended to provide that a monitoring period may be no shorter than 6 months or longer than 1 year (to align with reporting to WQIP report card).

REEF CREDIT STANDARD – Consultation Feedback 2019

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45	3.5.4.2	3.5.4.2 – Who holds the monitoring report? Is it public?		3.5.4.2 the monitoring report is provided by the project proponent to the Secretariat and is independently audited by the verifier and some information will be made publically available on the reefcredit.org website as agreed;
46	3.6.1.1	3.6.1.1 Validation process (pg 9) Why are auditors not involved at the validation stage? For Gold Standard and VCS, validation occurs after an auditor submits a validation report which is then reviewed and considered by the standards and certification body. Understand it may be an attempt to reduce costs which I appreciate, though curious to know how integrity will be maintained in absence of this step.	Question	The VCS allows this approach, integrity is maintained by the rule that all material required for validation must still pass an audit at the end of the first monitoring period.
47	3.6.1.4	3.6.1.4 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. Could not find RC Fee Schedule - suggest this needs to be included.	Suggested update	Noted. Fee Schedule is to be developed.

REEF CREDIT STANDARD – Consultation Feedback 2019

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48		<p>Overall concern about duplication of funding: Qld Govt requires the Reef Credit Scheme to have appropriate controls in place to ensure entities are not able to receive funds from both Reef Credits and Qld Govt funded programs (e.g. the Natural Resource Investment Program (NRIP), MIPs, Innovation Fund, RWQ Science, etc) for the same project. Multifaceted projects will also need to be considered in this.</p> <p>In relation to NRIP, DNRME can provide suitable spatial data to the Reef Credit Secretariat to avoid duplication of funding. To allow for effective cross checking or auditing of projects, DNRME will require a suitable level of access to Reef Credit spatial data (shape files) and if required, specifics around the nature of the works being undertaken and details of the entities involved in identified Reef Credit projects.</p> <p>For all other RWQ funded projects, the following option may be available, but requires further discussion with the Paddock to Reef (P2R) team. Before the Secretariat validates a potential project against the Standard, they could provide information about the project to the P2R Management Practice team for them to check if any projects have previously received funds for similar activities. Because of the confidentiality associated with the P2R data, the answer would most likely be 'yes/no'. Where the answer is 'yes', suggest the Secretariat/Verifier should follow up with the landholder about what funds they've received and that it doesn't overlap with Reef Credits.</p>	Requirement	Refer to additionality clause 3.2.8. We will be working with auditors to ensure an appropriate process is in place. The Reef Credit Scheme will have a strict audit regime for all projects and will require that the additionality test is met. Please note that the Standard will not change - this is a process description for validation and auditing - which means the auditors will need to have access. The Secretariat looks forward to liaising with government on a simple process to provide confidence that the financial additionality test is being met at the validation phase to check that no other funding has been provided. The auditors will also need to be satisfied that this is the case.

REEF CREDIT STANDARD – Consultation Feedback 2019

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49	3.7.1	<p>Duplication of funding</p> <p>3.7.1 Verification (pg 11): There is nothing specific here about the verifier checking the proponent hasn't already received funds from other programs to deliver the project, so the scheme is relying on proponents to self-report (recognise this issue is faced by multiple programs). Suggest this should be strengthened in some way, e.g.</p> <ul style="list-style-type: none"> - Require landholders to complete a Statutory Declaration that they haven't received funds from another program to undertake the activity for which they're claiming Reef Credits. - Update the verification process to include a review of documents from previous projects - where the proponent has mentioned they have received other funds - to check if Reef Credits generated are appropriate. - Implementing the suggested steps above to check Reef Credit projects against other investment sources will also help with this. 	Suggested update	<p>The Standard imposes high standards for auditors. Audits need to be conducted under the relevant audit standards, which go into detail as to the evidence required to meet additionality requirements, auditing and assurance standards board requirements. Link to auditing and assurance standards board is provided: https://www.ausb.gov.au/. Refer also to the additionality clause 3.2.8 and the requirements of audit. Note: there is a requirement for financial additionality that the auditor verifies. It is the auditor's role to ensure. Auditors may choose to use particular tools on a case by case basis. Independent auditing is fundamental and any prescription of tools may limit the auditor's capacity to meet full assurance. We rely on them as professionals, we can make suggestions but not prescribe.</p>
50	3.7	3.7 "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" suggest appending "and applicable methodologies".	Suggested update	Updated as suggested
51.	3.7.1	3.7.1 Verification process (pg 10): as with monitoring, there is some confusion about whether verifiers need to assess actual load reductions and concern that this wouldn't be able to be determined from WQ monitoring on a yearly basis. Some examples of what needs to be monitored and verified may be helpful, either in the Standard or Guide.	General comment	Refer to methodology for requirements.
52	3.7.1.5	3.7.1.5 Verification (pg 10): what is the procedure to follow if the verification report does not satisfy requirements? Suggest this could be included or reference to a process included.	Suggested update	This will be dealt with in procedural documents. If the report doesn't satisfy requirements then the options are to: A. accept finding and do nothing, B. accept and make amendments and reassess, or C. challenge it using the dispute resolution process.

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
53	3.7.2	3.7.2 Level of Assurance (pg 11): the sentence beginning 'if the Verifier's estimate exceeds the required level of accuracy.....' is a bit unclear. Assume this means 'if the discrepancy between claimed and realised pollutant reductions is greater than 10%.....'. The first part of this sentence could be re-worded to be clearer, e.g. 'if the Verifier's estimate exceeds the acceptable degree of discrepancy (10%) between the claimed and realised pollutant reductions'. It is also noted that assessing realised pollutant reductions and quantifying error in DIN/sediment reductions will be very difficult/impossible. It would be easier for DIN if based on inputs, rather than loss.	Suggested update	Updated as suggested
54	3.7.3	What happens if a credit is issued but not sold (on expiry of 3 year vintage)? Presumably landholders and land managers bear the risk of qualifying for a credit and in the event of non-sale they remain bound by the Reef Credit contract? Can landholders apply for cancelation of Reef Credits in this instance?		Project proponents (landholder or developer) bear the risk of non-sale. The issue here, is not the relationship between the secretariat and the landholder or the credits. It is about the project, if credits have been issued, then to cancel the project, the corresponding volume of credits would need to be relinquished. Land managers can cancel their project activities at any time subject to conditions of their contract.
55	3.7.1.1	3.7.1 .1 – might be useful to insert a reference to definitions in Schedule 1 about who is a qualified verifier.		3.7.1.1 sufficiently clear - refer to Section 6 - requirements for approved verifiers.
56	3.7.3.7	3.7.3.7 – does the proponent pay for the admin costs?		3.7.3.7 The Secretariat charges fees to the project proponent for the issuance of Reef Credits
57	3.8	3.8 – I find this whole section confusing and I have had several briefings on the scheme. I wonder if it could be made more digestible if an example was provided to show how credits are tracked, retired etc.		Refer to diagram in the Guide
58	Methodology Requirements	General principles for establishing methodologies appear sound, but implementation details for each of the individual methodologies will obviously have to be described in full to provide the required level of transparency.	General comment	Noted
59	4.1.2	4.1.2 (pg 12) "Development of new Methodologies must first apply...." suggest rewording to clarify who is able to develop new Methodologies (e.g "developers"?)	Suggested update	Updated as suggested to refer to methodology developer. "Methodology developer" is defined as an individual or organisation that writes and develops a methodology that is subject to the methodology approval process. (which could be anyone, including project developers, researchers, consortium etc

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
60	4.1.4	4.1.4 (pg 12): direct measurement is not feasible in annual timeframe, it is very expensive to monitor, e.g. water quality. What modelling approaches would be allowed? It may be useful to include a list of known approved models in the methodologies. It should be noted that the P2R team doesn't have capacity to serve developers who may wish to design new methods using P2R models.	General comment	No update required in the standard - each methodology will clarify acceptable modelling
61.	4.1.4	4.1.4 There isn't much research around for bananas – for measuring water quality outcomes. There is no calculator yet.. The P2R model is about all there is. Is this then what would be used as the basis for a banana methodology? How would "direct measurement" apply?	General comment	No update required in the standard - each methodology will clarify acceptable modelling
62	4.1.8	4.1.8 (pg 12): a). 'models should be publicly available' - clarify what this means - available on request? - unlikely to be freely available to download. Note that P2R models are not publically available; d). Estimating uncertainty in models is very challenging/not possible. Could consider re-wording slightly. g). 'models must be geographically applicable' - clarify - does that mean the model must have been developed/applied for that geographic area, or use relevant parameters?	General comment	a) amend wording to say should "should be publicly available from a reputable or recognised source such as Paddock to Reef" d) Where known and quantified, sources of model uncertainty should be identified and taken into consideration g) amend to say " Models must be relevant to the location and parameters needed for the relevant Methodology"
63	4.1.9	4.1.9 (pg 13): suggest adding in: For activities which are subject to regulation, the baseline set by a methodology can not be lower than the regulatory standard (or something to this effect). Note that legislation is mentioned later on page 13, but this requirement could be clearer.	Suggested update	Not updated - this is covered by the Additionality requirements in Clause 4.3

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
64	4.2	We note that the consultation information provided to CSIRO (including a detailed slide pack) indicates that application of the gully method involves selecting from an open-ended range of options for estimating baseline erosion rate, the appropriate treatment method and its effect. This seems to be inconsistent with the Reef Credit Standard Section 4.2: "The Reef Credit Methodology must describe the conditions under which the Methodology can (and cannot) be applied." Because of this versatility, our experience suggests that application of this method will require oversight at each site by an independent technical specialist to ensure the environmental effect is delivered in the short term (capital phase). Similarly, in the long term (over the 25 years), monitoring of the effect will also require ongoing oversight by an independent technical specialist (termed the Verifier) to ensure outcomes are achieved and to transfer learnings back into method improvements (Real and Measurable Principles listed in the Guide).		Not updated - The gully methodology will need to adhere to the rules in Standard
65	4.3	4.3 Additionality (pg 13): This section is unclear to many readers. Suggest that the Standard needs to define more clearly the additionality assessment approaches (in particular 'common practice' and 'performance benchmark' - these are ambiguous). Suggest considering definitions in CFI Act (2011). Would also be useful to set out clearer guidance on the principles of additionality, particularly where a project may require work/design investment prior to establishment, and how this would be treated. Also, if the Scheme aims to facilitate stacking of multiple credits, how is that handled with the rules around additionality? As per advice on the Guide, a worked example may help here, as well as providing clearer guidance on additionality assessment approaches and tools.	Suggested update	Provide definition on common practice and performance benchmark. "Performance benchmark" – a benchmark established by reference to what are the usual and accepted amounts of Pollutant reduction generated by a similar practice in the relevant industry, against which the performance of individual Projects is assessed for the purpose of determining additionality and/or the crediting baseline. Performance benchmark refers to the amount of pollutant reduction generated from a given practice. "Common practice" means the extent to which a pollutant reduction activity has already been adopted in the relevant sector and region. Updated to redefine BAU as "pollution that would occur in the absence of the Reef Credit Project". Happy for FAQ to build some case studies.

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
66	4.3	<p>The Standard section 4.3 addresses credit additionality which is an essential element in ensuring that Reef Credits represent a real, measurable reduction towards pollutant reduction targets. In a practical sense, additionality results from the Reef Credit Methodologies (details on which are forthcoming and for which we may comment separately) and therefore the comments in this section relate to concepts rather than practical application. Additionality is tied to baselines and the intended use of Reef Credits towards achieving pollutant reduction targets suggests that consistency in both baseline estimation AND estimates of contributions towards targets will strengthen Reef Credit Scheme credibility and simplify process by avoiding multiple methodologies being in place. We suggest that the additionality (and baseline) are specifically referenced to pollutant baseline and activity reduction methods used by the Queensland State Government. In the absence of this link Reef Credit claimed reductions in pollutants will differ from acknowledged reductions, potentially undermining the integrity of Reef Credits. Differences would also complicate accounting for pollutant reduction against targets. In part increased transparency could be achieved through an additional point being added to the Standard relating to Additionality 4.3 approximately as follows: "Methodologies shall be consistent with those used to estimate contributions to pollutant reduction targets."</p>		Noted. Consider at methodology development stage.
67	4.4	<p>There is a challenge around consistency across project boundaries (section 4.4) and suitably robust monitoring and auditing frameworks. As an example, allowing proponents to establish nutrient reduction boundaries for one section of their property alone could be very difficult to verify, as well as having the potential to undermine scheme credibility should they choose to increase the nitrogen applied to other sections of the property. One solution may be to require a whole of property (or whole of enterprise as relevant) baseline establishment for verification at project establishment. Such an approach has risks. On the one hand it essentially locks in the proponent's baseline easing monitoring and auditing and provides an easier basis for future projects to be developed. On the other it may increase initial transaction and compliance costs and prove a barrier to entry as well as being perceived as an intrusive and unwarranted restriction on farm operations.</p>	General comment	Noted. Leakage requirements adequately address this risk.

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
68	4.5	4.5 Baseline scenario (pg 13): This section should explicitly state that the baseline scenario cannot be an estimate below regulatory or minimum "duty of care" management standards, to ensure that a baseline which is below regulatory requirements is not deemed as "plausible". "plausible" and "reasonable" used interchangeably. Suggest that crediting baseline needs to be defined.	Suggested update	No update. Crediting baseline is 'baseline scenario'. Regulatory minimum requirement is already covered by additionality test.
69	4.5	4.5 Baseline (pg 13): how are changes in the baseline during the term of a contract covered (e.g. due to changes in regulations)? Suggest this needs to be addressed here.	Suggested update	Baselines are not amended in response to regulatory change - if higher regulatory compliance standards are introduced, fewer Reef Credits are able to be issued
70	4.5	4.5 Baseline (pg 13): the calculation of baseline scenarios, as worded, sounds like a catchment modelling exercise, which would be beyond the ability of landholders to calculate. d). This is very general	General comment	Calculation of baseline scenarios will be provided in the methodologies. Section d) is not meant to be comprehensive – these are examples only and will be applied to each methodology by methodology developers.
71	4.6	4.6 Quantification of pollutant reductions (pg 14): as per above, the quantification of pollutant reductions sounds complex and beyond the ability of landholders to calculate.	General comment	Noted. Landholders may seek assistance from extension service officers or project developers. Clarification and further detail will be provided in the methodologies.
72	4.9	Turning to detail of review of Reef Credit methodologies (Standard, Section 4.9): "Reef Credit Methodologies may be periodically reviewed". It would seem consistent with the Reef Credit Standard Objective (P3) "to ensure that Reef Credit Projects meet stringent environmental, financial and community integrity conditions" that periodic review should be required at least every 5 years.	General comment	Not updated - methodologies will be reviewed periodically at a period appropriate to the relevant methodology and any changes in science and ensure they are "fit for purpose".
73	Registry	For on-going research regarding situational and socio-demographic drivers affecting supply of Reef Credits, it would be useful to systematically record additional data on landholders' socio-demographic/socio-economic situations in de-identified form (e.g. age, gender, inherited business (yes/no), years farming cane etc.). These data may, or may not, be made publicly available via the Registry. At what spatial resolution will 'project location' [Section 3.6.2] be recorded in the Registry ? Confidentiality may be an issue here.	General comment	Noted. This additional data is not required by Project Developers for negotiations, unless required by the methodology. Publication will be subject to agreed data sharing arrangements. Spatial data will be recorded in the registry at farm scale, but publically available location information will be at catchment scale.
74	Approved Verifiers	The requirements for accrediting the Verifiers listed in the Standard seems reasonable.	General comment	Noted, thankyou

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
75	6.4	6.4 What is the content of the conflict of interest code?	Question	Conflict of interest code will have particular focus on conflicts between project proponents and verifiers; set out cause for automatic determination of conflict, potentially conflicting services such as developing methodologies; appeal process; recission of accreditation; attestation/signed declaration and assessment of risk. Approved verifiers must also execute a project specific conflict of interest form for each project verified and/or reporting period verified, which the Secretariat will review and approve. The Secretariat and the Board of Directors will also be required to comply with a conflict of interest policy.
76	6.9	6.9 – what happens to the project if a verifier is disqualified?	Question	If a verifier is disqualified, another verifier will be appointed.
77	7	7. Non-compliance (pg 17): if non-compliance is found and is not remedied or able to be remedied, what happens to the Reef Credits that may already have been issued or purchased? Are they refunded or is this covered through the contract between proponent and buyer? The last sentence that the Secretariat may cancel a project, in its discretion, is a bit unclear. What would be the circumstances in which they wouldn't cancel a project, e.g. minor non-compliance that doesn't effect the integrity of Reef Credits produced?	Question	Noted. In event of non-compliance no further credits may be issued and project may be deregistered by the Secretariat. Other non-compliance issues are dealt with as between the landholder, project developer and buyer.
78		Pg 16: For clarity, suggest advising the instrument under which the company will be established e.g. Associations Incorporation Act 1981.	Suggested update	Updated section to refer to Corporations Act 2001 (Cth)
79	9	9. Governance structure (pg 17): Suggest the Standard needs to specify that Board members should be independent to other roles in the scheme.	Suggested update	Usual corporate governance requirements will apply (Corps Act) including adherence to code of conduct/conflict of interest policy. Agree - A governance summary of roles and responsibilities will be provided as part of the Guide and Terms of Reference have been developed for the Technical Advisory Committee.
80	9	9. Members and partners (pg 17): Note that DES is seeking legal advice regarding the appropriateness of becoming a member or partner. More information may be needed to assist with this request.	General comment	Noted

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
81.	9	9. Technical Advisory Committee (pg 17): Suggest the Standard should specify that members of this committee be independent of the other roles, e.g. Board of Directors, members/partners, project developers, etc.	Suggested update	Usual corporate governance requirements will apply (Corps Act) including adherence to code of conduct/conflict of interest policy. Agree - A governance summary of roles and responsibilities will be provided as part of the Guide and Terms of Reference have been developed for the Technical Advisory Committee.
82	9	9. Technical Advisory Committee (pg 17): the reference that a technical advisory committee may be established is contradictory with its role for non-compliance and other Matters (section 7 - where the Reef credit secretariat and technical advisory committee will investigate the....). Suggest the standard be updated for: - clear role of TAC where formally a review role and engaged in compliance or formal procedures - separate review/peer review where expertise/specialists may need to change depending on topic/potential conflict of interests, etc and its improving the quality of reef credit scheme documentation and method statement.	Suggested update	Agree - amend section 7 as follows: "The Technical Advisory Committee will be composed of specialists that provide independent expertise on the methodology approval and modification process and the selection of peer reviewers." Agree - A governance summary of roles and responsibilities will be provided as part of the Guide and Terms of Reference have been developed for the Technical Advisory Committee. A Technical Advisory Committee will be appointed to provide advice to the interim Steering Committee and Secretariat on the methodology approval and modification process and selection of peer reviewers. Peer reviewers will be appointed by the Secretariat to ensure methodologies are theoretically rigorous, scientifically robust and practically workable.
83		Definition of "Business as usual – water pollutant reductions that would have occurred without any additional intervention." doesn't seem quite right. Suggest replacing with "Business as usual - like the baseline scenario, business as usual describes the likely trajectory of the project area without the project. Reductions in pollution that would occur under a business as usual scenario should not be credited to a project (see additionality)".	Suggested update	Updated to redefine BAU as "pollution that would occur in the absence of the Reef Credit Project".
84	Non-compliance, dispute resolution	If the project proponent is responsible for undertaking the contracted management practice (as stated in the Guide), then there is no incentive for a project proponent to report non-compliance. Non-compliance should be checked and reported by the Independent Verifier. [This role for the Verifier is implied in the Guide p9]	Suggested update	No update - As described in Section 3.7.1 Verifier is responsible to ensure that project proponent meets the requirements of the Standard and methodology

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
85	Governance	<p>The governance structure appears reasonable, with the roles of the Reef Secretariat and Board being well defined in relation to each other. We feel, however, that the role and responsibility of the Technical Advisory Committee (TAC) could be clarified further.</p> <p>The success of Reef Credit will depend on whether it is supported and adopted widely within the reef space. For this to happen, based on our direct experience in the establishment of voluntary regulatory frameworks in other industries, it is critical that decisions that are made are based - and clearly seen to be based - on the best available science (consensus) and free of any perceived conflict. In this context, the TAC should play a critical role by creating a truly independent group of recognised experts, well beyond simply providing advice to the Reef Secretariat. As a potential investor or buyer, we would want to ensure that there is full transparency and that key methodological decisions are made by the Reef Secretariat only if supported by the TAC, i.e. the TAC would be the ultimate endorsement mechanism before Board approval.</p> <p>As such the Reef Credit documentation should expand much more on the potential membership of the TAC and its role in the various processes, both in establishing and updating methodologies with TAC visibility of the effectiveness of the Reef Credit in delivering the intended outcome. We would strongly recommend developing indicative Terms of Reference for this TAC to address this gap.</p>	Suggested update	<p>Agree - amend section 7 as follows: "The Technical Advisory Committee will be composed of specialists that provide independent expertise on the methodology approval and modification process and selection of peer reviewers." Agree - A governance summary of roles and responsibilities will be provided as part of the Guide and Terms of Reference have been developed for the Technical Advisory Committee. A Technical Advisory Committee will be appointed to provide advice to the interim Steering Committee and Secretariat on the methodology approval and modification process and selection of peer reviewers. Peer reviewers will be appointed by the Secretariat to ensure methodologies are theoretically rigorous, scientifically robust and practically workable.</p>
86	Definitions	<p>List under Schedule 1 – Reef Credit Definitions</p> <p>Whilst the list is comprehensive, the definitions of project proponent and project ownership require additional clarification. Who bears the risks of the project not delivering the expected improvement in water quality? The project proponent or the project owner?</p> <p>Transparency regarding financial reward for financial risk bearing</p> <p>On the broader topic of risk bearing, in the interests of transparency it could be useful for the Standard to outline expectations regarding 'reasonable reward' to project entities in return for exposure to financial risk.</p>	Suggested update	<p>Updated to remove project ownership as a defined term. The risk of non-delivery will ultimately be subject to commercial agreement between proponents, buyers and sellers. Financial reward for risk bearing is a matter for negotiation between the landholder and project proponent. This is not the role for the Standard.</p>

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
87		The definitions in the Standard do not clearly include the roles of project developer/aggregator or Technical advisor. These roles are spelled out a bit more in the Guide (pg 9). Suggest the Guide's definitions for 'Project Proponent' and 'Technical Service Provider' could be included in the Standard and the process to avoid Conflicts of Interest between these roles and other roles could be clarified (as per comments above under Governance).	Suggested update	Updated definitions to include project proponent as defined term. "Project proponent" refers to the individual or organization that has overall control and responsibility for the project and to whom Reef Credits may be issued." A conflict of interest code will be developed by the Secretariat, with particular focus on conflicts between project proponents and verifiers. The code will form part of the Secretariat's risk management framework and will provide reasonable assurance that a verifier will not be permitted to verify a project where a perceived or actual conflict of interest arises.
88		Add in definitions for crediting baseline and DIN.	Suggested update	Updated to remove references to DIN and instead refer to pollutant. DIN definition included. Crediting baseline is referred to as 'baseline scenario'.
89		Definition of "Business as usual – water pollutant reductions that would have occurred without any additional intervention." doesn't seem quite right. Suggest replacing with "Business as usual - like the baseline scenario, business as usual describes the likely trajectory of the project area without the project. Reductions in pollution that would occur under a business as usual scenario should not be credited to a project (see additionality)".	Suggested update	Updated to redefine BAU as "pollution that would occur in the absence of the Reef Credit Project".

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
90	Conversion factors	<p>It would be helpful if the table of conversion factors was accompanied by:</p> <p>(i) An explanation of exactly which target reduction for each pollutant formed the basis for the conversion factors. Here it would be helpful to re-state the targets from the Reef 2050 Plan, together with the latest assessment of progress towards those targets (from the most recent Reef Report Card ?).</p> <p>(ii) Further explanation of when conversion factors will be revised (e.g. when a new Report Card is released – or if/when the pollutant reduction targets are revised ?), together with an indication of whether revision to current conversion factors will influence the relative valuation of Credit agreements that are already in place, or affect the relative valuation of Credits that are vintaging in the Registry.</p> <p>(iii) The current conversion mechanism implies that equivalent percentage progress towards each of the separate pollutant targets is equally valuable to society. This seems reasonable currently as only modest progress has been made towards any of the targets. The relative value of additional pollutant reductions could change in the future, however, if strong progress is made towards one of the targets (e.g. nutrients) but progress towards the other targets is slower. Some consideration of mechanisms for identifying and addressing this possibility would be helpful – but it may be premature to expect this to be included in the current version of the Standard.</p> <p>(iv) With (iii) in mind, what is the mechanism and timescale for issuing revisions to the Standard and the Guide ?</p>	Suggested update	Updated to include further explanation of conversion factors in Schedule 2. Standard development will be an iterative process.
91.		Fine sediment should read Fine sediment (TSS) as per Reef 2050 WQIP WQ targets.	Suggested update	Updated as suggested
92		Schedule 2 is unclear. Suggest it could specify the targets are derived from the the reef-wide targets in the Reef 2050 WQIP, and these represent a reduction relative to 2013 baseline. Suggest it could also specify the value of Reef Credits (e.g kgs of DIN). Provide sufficient information so that a reader can calculate a Reef Credit based on a hypothetical amount of DIN or fine sediment etc. (Note the suggestion above to develop a supplementary document that explains how conversion factors were calculated may help).	Suggested update	Updated to include further explanation of conversion factors in schedule 2.

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
93	Positive and Negative List	The list is reasonable at this initial stage and will presumably be revised and expanded as scientific understanding improves with further research and development.	General comment	Noted
94		This section could benefit from more detail to reduce ambiguity - e.g grazing/fertiliser management is very broad.	Suggested update	No update required - deliberately broad
95		An environmental risk may occur as a result of application of the Standard, Schedule 3: All grass species preferred for revegetating erosion control sites are by their nature invasive, and are typically non-endemic (if that means naturally endemic as is the typical meaning of this word). It may be required to broaden this to include demonstrating that if they are not native / endemic, that they are at least already widely established in the surrounding geographic area in order to avoid creating environmental weed problems inadvertently.	Suggested update	Updated as suggested in schedule 3
96	General comments	Our interpretation suggests that the financial rewards and responsibilities pertaining to a Reef Credit can be split between multiple parties (see for example Standard 3.2.7). For example, achieving a sediment credit includes a capital component (e.g. gully remediation – potentially implemented by Government or a third party investor) and ongoing on-ground maintenance (ground cover, maintenance of fences, keeping the cattle out of remediated areas – most likely conducted by the landholder). This approach may prove attractive to investors because of the differential barriers to otherwise reducing pollutant export. Presumably this enables multiple parties to generate a reef credit with multiple contracts. In this event the responsibilities under this style of arrangement require clarity (see also next).	General comment	Cost and benefit sharing arrangements, e.g. where capital improvements are made, is a matter of negotiation between the parties (subject to additional requirements)

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
97	General comments	<p>The following matters need consideration and ultimately to be reflected in the documents:</p> <ul style="list-style-type: none"> • For gully/streambank and constructed wetlands projects and grazing and fertiliser projects --If providing a diffuse source offset for a point source ERA -- the EA amendment and offset conditions would be approved by the Administering Authority. This is something to consider including in future versions of the Standard, once the offset policy is approved and appropriate discussions have taken place. • For gully/streambank and constructed wetlands projects to be used as offsets— a RPEQ (Registered Professional Engineer of Queensland) must 'sign-off' on all aspects of the design, including calculations, and oversee the construction. Needs to be reflected in relevant methods. • For constructed wetlands the following documents should inform design and construction (needs to be reflected in relevant methods): <ol style="list-style-type: none"> 1. Wetland Technical Design Guidelines 2017, published on Healthy Land and Water website, and/or 2. Design, construction and establishment of constructed wetlands: design manual 2017, published on Melbourne Water website. 	General comment - for using Reef Credits as offsets	Noted for consideration in methodology development
98		<p>While not a comment on the Standard itself, many people are keen to see and review the methods, as these are the key documents that provide most of the detail about how the Scheme will work in terms of generating, calculating, monitoring and reporting on Reef Credits. There is a lot of good will to support the Scheme and ensure these methods are sufficiently robust to stand up to public scrutiny. Some concerns have already been raised about using a constant loss factor for the fertiliser use method, which doesn't take into account variability in management, soil type, climate, slope, etc. A suggestion has been made to consider using the P2R projector tool to determine a more tailored 'loss factor' for each project. This requires further discussion and will help with aligning Reef Credit calculations with Reef Report Card calculations.</p>	General comment - for further discussion (methods)	Noted and agreed
99		<p>How is the price set for the credits? If it is up to landholders to bid there is a large literature on best practice auction design that could help.</p>	Question	The price is negotiated directly between the buyer and seller

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
100		I appreciate that the tone of the Standard document is technical and legal but if a landholder is interested in understanding more about the scheme I think they too should be able to understand this document – and that it not be targeted at just those involved in rolling out the scheme – ie the verifiers, methodology developers etc.. Hence the suggestion of a few examples to make concept more easy to comprehend.	General comment	Noted - include examples in communication plan
101		1) If the data within Isaac Regional Council's Local Government Area has no measurable improvement after participation, will this be reported on and publicised (specific to our LGA)? 2) Due to the proportion of landholders within our LGA being non-coastal there is a potential risk that they will perceive this program as 'out of site out of mind' as they are 100-300 kilometres from a beach, and therefore are disconnected from the Great Barrier Reef.	Question	1) reporting will relate to participation in the Scheme 2) one of the benefits of the Scheme is to provide such linkages
102		1) When we undertake gully remediation it is generally funded by an NRM group using Government funds. 2) In these instances will Reef Credits be able to be earned by the Landholder for these works? 3) If not, would a private Landholder be able enter into a Reef Credit agreement with a costed plan with the intention of the credit sale paying for the works?	Question	1) One aim of the Reef Credit model is to provide alternatives in who might pay for gully remediation. 2) If the gully remediation is fully funded using government money, then the answer is no. 3) Yes, Reef Credits are designed for landholders specifically, payments for Reef Credits will go directly to project proponents.
103	Is there anything missing from the Standard that should be covered? If so, what?	We realise the Interim Steering Committee is seeking legal advice in relation to GST and tax. Once this is considered, we'd be interested to know how Reef Credits will be set up in relation to tax. For example, will credits be exempt from GST and will buyers receive a tax deduction from purchasing Reef Credits? May be worthwhile updating the standard once these issues are resolved.	Suggested update	Noted, we know that the Secretariat will be required to charge GST as it is providing a service (and this will be reflected in the fee structure). The secretariat does not buy or sell Reef Credits, the matter of GST payments by buyers and sellers is part of contracted negotiations, but Credits would normally attract GST.

REEF CREDIT STANDARD – Consultation Feedback 2019

#	SECTION	COMMENT	FEEDBACK TYPE	RESPONSE
104		Inclusion of point sources holding an Environmental Authority (EA) as potential buyers Neither the Guide nor the Standard currently specify the types of potential buyers of the Reef Credits. Given the (current) voluntary nature of the Reef Credit scheme, the buyers are presumably likely to be 'non-emitting entities' situated anywhere in Australia (or beyond ?). To stimulate additional demand for Reef Credits, 'emitting buyer's could also be included in the Scheme. Point sources with Environmental Authority, for example, could be allowed to buy Reef Credits to offset their emissions, subject to approval by the Department of Environment and Science. Allowing point sources to offset their regulated emissions will likely require a separate (set of trading ratios to ensure that the required pollution reduction will be delivered in all foreseeable circumstances, to the satisfaction of the environmental regulator. It might therefore be useful to flag this possibility by referencing the relevant Queensland Government regulations on offsetting.	Suggested update	Noted. Reef Credits can be used for compliance purposes (including point sources), subject to the relevant regulating agency or agencies requirements.
105		Fully worked examples would be useful. DAF is happy to assist with use of the projector tool and economic analysis.	Suggested update or suggestion for communication plan	Noted - We would be happy to receive these materials.
106		A one page summary of objectives, benefits and most importantly an overview of the process (perhaps with a link or referring the reader to the page/document with more information). It is a new process, rather complicated and a lot of different documents so having it summarised would definitely help!	Suggested update or suggestion for communication plan	Noted - include in communication plan
107		The Standard could benefit from consideration of potential risks, such as fraud.	Suggested update	Risks have been fully considered in the design stage including fraud.
108	Whether the vintaging period specified is appropriate?	The existing proposals around vintaging appear reasonable and well-considered.	General comment	Noted

REEF CREDIT STANDARD – Consultation Feedback 2019

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109		<p>Vintaging is a complex issue that receives relatively little attention in the Standard and no attention at all in the Guide. Vintaging has the potential to confuse both buyers and sellers, and the rationale and structure should be clearly explained. We understand the rationale for time-limiting Reef Credits is driven by the relationship between pollutant generation and impact, and is particularly relevant to nitrogen and pesticide pollutants (and may be less so for sediment) – and while this detail is too great for the Standard and Guide more clarity would be useful in the Design Options paper. In particular, use of Reef Credits relating to sediments for offsets may benefit from a longer time vintage validity.</p> <p>In a similar vein, although Reef Credit Vintaging is raised as time-limiting the period for which a credit remains valid before automatic retirement (Standard, 3.8.3) there is no discussion of the advantages and disadvantages of vintaging the price. Other schemes have vintaged the price to the credit price in the year that the credit was created. This reduces the incidence of the credits being held onto in the hope of generating windfall profits if price increases (the corollary of the argument for time limited vintages).</p>	Suggested update	Update Guide to describe vintaging concept and rationale. "The vintage is a term that refers to the year of production of the credit, which means the date on which the pollutant reduction or removal was verified. The price of a credit may vary depending on its vintage. Reef Credits remain valid for three years from the date of the verification report for which the Reef Credit was issued, after which the Reef Credit automatically expires. The purpose of vintaging is to ensure that water quality improvement claims are realised within a timeframe consistent with the project intention and implementation." The suggestion that different vintaging periods be considered for different project types is worthwhile considering and will be reviewed at the end of 2019.

REEF CREDIT STANDARD – Consultation Feedback 2019

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110	Whether the baseline scenarios should be limited to 'business as usual'?	<p>Baseline scenarios should be conservative and at a minimum be at regulatory and minimum "duty of care" management standards. There is considerable scope to game a BAU baseline and for perverse outcomes to occur as a result (e.g a land manager may allow degradation of a site to generate more credits). Ensuring there is consistency between the project scale baseline, and the policy scale baseline, is crucial to maintain the integrity of the scheme and to meet the desired conservation outcome. E.g. we have seen with terrestrial biodiversity offsets how implicit and what were deemed to be reasonable baselines have actually created perverse outcomes:</p> <p>Maron, M., Bull, J.W., Evans, M.C., Gordon, A., 2015. Locking in loss: Baselines of decline in Australian biodiversity offset policies. <i>Biological Conservation</i> 192, 504–512. https://doi.org/10.1016/j.biocon.2015.05.017</p> <p>Maron, M., Brownlie, S., Bull, J.W., Evans, M.C., von Hase, A., Quétier, F., Watson, J.E.M., Gordon, A., 2018. The many meanings of no net loss in environmental policy. <i>Nature Sustainability</i> 1, 19–27. https://doi.org/10.1038/s41893-017-0007-7</p>	General comment	Noted. Baselines are required to be conservative and above minimum compliance under industry standards.

REEF CREDIT STANDARD – Consultation Feedback 2019

111	<p>Nitrogen Baseline</p> <p>The approach for establishing the nitrogen baseline for Reef Credit calculations is critical to stimulating extensive uptake of the scheme and ensuring that it is an effective approach for improving Reef water quality.</p> <p>Extensive participation would be encouraged by setting the baseline at the current 'business as usual' fertiliser application rate, specific to each farm/project. A fully 'current' baseline would also ensure that any credits issued would appropriately reflect the actual change in nitrogen application practice enacted on entry to the scheme. Whilst there are clear advantages to this approach, in terms of encouraging practice change by more recalcitrant landholders, it offers a perverse incentive to increase application rate in the year(s) immediately preceding entry to the scheme. The proposal to calculate the baseline from 7-years prior applications significantly reduces that perverse incentive. A 7-year baselining period will, however, distance baseline application practice from current. Where historical nitrogen applications were higher than current this will over-estimate the change in practice enacted on entry to the scheme.</p> <p>The proposal to limit the N-application rate for baseline calculation during the (most recent ?) three years of the baselining period to 'the regulatory standard in force at the time' is presumably intended to provide further reassurance against perverse incentive. There is, however, some potential ambiguity in wording here. How exactly will 'in force' be interpreted, given that it is widely recognised that there is no effective enforcement of the regulations in the 2009 Environmental Protection Act with regard to sugar cane producers' land management practices. Landholders and proponents will require clarification on interpretation of 'in force'.</p> <p>The presentation slides on the Reef Credit website outline the proposed Methodology for fertiliser management. A 'regulatory standard' is mentioned on Slide 21. This regulatory standard acts as a cap on fertiliser applications during the (first three years of) the 7-year baseline calculation period. If the 'regulatory standard' is lower than recent (fertiliser) application practice, the calculated baseline will underestimate the practice improvement delivered on entry to the scheme. Furthermore, if the 'regulatory standard' is revised (by Government) to a level that has not yet been adopted by the majority of cane</p>	<p>General comment</p>	<p>Noted. "In force" means "enacted". Reef Credits will not be issued for project activities that are not over and above regulatory compliance requirements. There will be an opportunity to comment on the methodology during the review process.</p>
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REEF CREDIT STANDARD – Consultation Feedback 2019

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		<p>producers, such a change would be a major disincentive to participation in the scheme.</p> <p>An alternative approach which would remove the perverse incentive and still provide a 'near current' baseline would be to calculate the baseline using a fixed time window of modest duration running back from the current year, e.g. a 3-year window covering the years 2016, 2017 and 2018. To maintain some currency in the baseline, the 3-year window could be implemented again at some point in the future, e.g. 10 years in the future, covering the years 2026, 2027, 2028.</p>		
112	Whether more flexible approaches should be taken to 'additionality'?	<p>It is not clear what is meant by flexible. Additionality is key to integrity and we'd suggest erring on the side of conservative. For Qld Govt it is a requirement that Reef Credit projects deliver additional value over and above other sources of funding and regulated requirements.</p> <p>Suggest the Scheme also needs to take account of projects that require up-front investment, particularly where that is govt investment (rather than potential purchaser).</p>	General comment	Noted. The Standard has adopted a conservative approach to additionality.
113		<p>The proposed approach to additionality seems reasonable and appropriate. If prior payments have been received for specific management actions then it would be inefficient (and unjustifiable) to pay for these again via Reef Credits.</p> <p>The proposed arrangements appear to be sufficiently flexible to accommodate 'genuine additionality', in which a project under an existing scheme can be re-configured or re-worked to deliver additional benefits to the Reef, without reducing delivery of benefits under the original scheme. Here again, appropriate baselining is a key issue, and must account appropriately for delivery of multiple benefits.</p>	General comment	Noted

REEF CREDIT STANDARD – Consultation Feedback 2019

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114	Whether the approach to auditing is appropriate?	The approach seems appropriate and should provide confidence to investors that the scheme will deliver desired outcomes. It is probably worthwhile to start with this rigour to test the system and build confidence by all parties (project developers, Secretariat, investors, Board, etc). It is acknowledged that the cost of auditing may be a barrier to participants, particularly for methods that involve annual monitoring/reporting and this could be considered in future. The Land Restoration Fund team is also curious to understand the capacity and interest of existing carbon project auditors to expand their skills to the Reef Credits scheme, as this is something they will need to consider.	General comment	As noted in our response to general comments on the Guide, we acknowledge the costs pointed out and note there are also a range of costs associated with running other programs that are not currently externalised. We will be happy to discuss the processes and learnings regarding Auditors.
115		The proposed approach to auditing appears basically sound, but further clarification would be useful regarding the verification that precedes credit issuance, as specified in Section 3.7.3, point 6 in the Standard. Point 6 requires that a 'pollutant reduction (has been) generated' before a credit can be issued. Does this require that a pollution reduction has been measured at the receptor (i.e. the Reef Lagoon), or that a verified change in management practice has occurred on the paddock ? From the landholder's perspective, once the contracted change in management practice has been delivered on the paddock, payment should follow. (This ambiguity needs to be clarified consistently in the Guide and the Standard.)	General comment	'Generated' refers to the pollutant reduction or removal 'activity' having occurred and having been verified. Reef Credits are issued on the basis of specified actions or the implementation of particular agreed measures having been independently verified. Measurement of the outcome for which the Reef Credit is issued is subject to the accounting requirements of the methodology. For further clarity, 3.7 has been updated to include reference to the management "activity" having been verified.

REEF CREDIT STANDARD – Consultation Feedback 2019

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116		<p>It is likely that some credits can be generated with co-benefits that are not directly related to water quality – in particular we are thinking of indigenous benefits of on-country activities, but undoubtedly there will be others. Only some of these will be directly relevant to the concept of credit stacking. Has any thought been given about how these co-benefits could be indicated to the market?</p> <p>Specifically focusing on indigenous co-benefits, there are significant opportunities and some risks associated with indigenous generated co-benefits of natural resource management. Some of the challenges that may need to be managed will benefit from steps such as:</p> <ul style="list-style-type: none"> • Supporting and helping to strengthen local and regional Indigenous governance systems; • Development of policy, programmatic and regulatory frameworks to support ecosystem services valuation; • Building of partnerships with agencies that have skills in monitoring and evaluating these co-benefits; • Identifying commercial opportunities and building revenue streams that can support the provision of co-benefits such as other ecosystem services (through direct purchase and through support for infrastructure, capability development, etc.); and • The building of livelihoods based in Indigenous natural and cultural resource management that can generate substantial social, cultural, political, economic, and health co-benefits for employees, local communities, and wider society. • At the same time risks will also need to be managed across foundational rights associated with country and indigenous (or other) business failure. 	General comment	Section 3.2.9.2. deals with co-benefits, it provides that "additional certification standards may be applied to demonstrate social and environmental benefits beyond pollutant reductions."