

REEF TRUST OFFSETS CALCULATOR

Department response to peer review

Comment	Response
Consistency between the Plan, the Environmental Offsets Policy and the calculator	
Strengthen the link in Figure 1 (Reef Trust Offsets Plan and Calculator) to reflect that the approval process for offsets determined through the calculator remains as per the Environmental Offsets Policy and the minister must still make a decision.	Completed in final version of offset plan.
It would be more consistent with existing approaches to separate the biophysical aspects of the offset calculator from the financial aspects of the calculator. The biophysical aspects could form a GBR Offset Assessment Guide as a supplement to the Environmental Offsets Policy. This would be consistent with the existing Offset Assessment Guide. The financial aspects relate specifically to Reef Trust in delivering offsets and are best managed directly by Reef Trust.	Not adopted for the current iteration of the calculator as it would require significant reworking of the current configuration. May be considered as part of the first review, due in 2019 (after release of the next GBR Outlook Report).
Note that proponent liability in relation to offsets will be discharged by contracting with Reef Trust to deliver offsets on their behalf.	This is made clear in the accompanying guidance material.
Feasible offsets through the use of surrogates	
For those surrogates for which there are insufficient data in Tiers 2 and 3 and which are not included in the calculator (Table 1), suggest clarifying that these surrogates may still be offset through Reef Trust.	It is noted that these would be dealt with on a case-by-case basis.
Estimation of a physical area and location of offset	
<i>Offset baselines and additionality</i> The Plan identifies the importance of the 'no net loss' target for an offset program. 'No net loss' can only be assessed from a relevant baseline.	It is noted that the setting of baselines may be able to be covered in a future review of the calculator. In the interim, the same monitoring and evaluation strategies will be applied as are used for other Reef Trust investments.
<i>Surrogate condition</i> The surrogate condition is defined as reflecting the ability of the offset site to respond to rehabilitation. This was not expected given both the name 'surrogate condition' and the use of condition measures in other offset contexts.	Comments noted. Additional explanatory text was added to the final Offsets Plan to provide clarity.
<i>Time delay factors</i> The time delay factor is defined as relating to the lag between the start of <i>implementation of the offset</i> and the predicted <i>achievement of the offset benefits</i> . It should reflect the lag between the time of damage/loss of benefits and predicted achievement of benefits.	For noting. No action required.

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<p><i>Success rate multipliers</i> The project success is a result of the likelihood that the project is successfully implemented multiplied by the likelihood the desired outcome is actually delivered. This will be dependent on other factors as well, such as the responsiveness of the site where activities are undertaken, on the type of technique applied, on the climatic conditions and so on. ... There is always a failure rate in environmental rehabilitation projects in practice. Some failures are attributable to manageable factors in contracting and implementation while others are due to climatic or other events. If data is available on the success of DIN and sediment projects to date this would provide a useful way of updating the current success rate multiplier of 1.</p>	<p>The success rate multiplier (which was set to '1' where information was lacking) has been revised to a minimum of '1.1' where there is insufficient information.</p>
Calculation of a financial payment to Reef Trust	
<p><i>Cost data confidence multiplier</i> The title of this multiplier does not clearly reflect the definition in the text.</p>	<p>Text in final offsets plan has been amended to make clearer.</p>
<p><i>Cost data</i> The cost data for the sediment and DIN elements has been taken from a recent review by (Rolfe and Windle 2016). The estimates reflect the actual process achieved by the Australian Government through various reef programs. Rolfe and Windle suggest GBR wide benchmarks (maximum prices to be paid) of \$259/t (sediment) and \$150/kg (DIN) rather than the use of the achieved costs to date. The use of an averaged price overcomes some of the criticisms of the costs and their calculation at an individual catchment level given different methods for benefit attribution and project selection. The cost data provided for the four habitat surrogates is also highly uncertain, dependent in most cases on just a few observations, most of which relate to activities in other countries.</p>	<p>GBR-wide benchmarks identified by Rolfe and Windle have been adopted across all catchments for sediment and nitrogen. Comments re uncertainties around habitat costings are noted.</p>
<p><i>Monitoring and administration fee</i> The clear separation of the monitoring and administration fee is important to identifying the real costs of offsetting. The use of a proportionate fee may not necessarily reflect the true costs incurred by Reef Trust in delivering offsets. For example, in the case of small offsets the fixed costs associated with setting up an appropriate offset contract may exceed the payment and vice-versa in large or expensive offset cases.</p>	<p>Noted. Reef Trust will monitor costs to provide a more definitive view of costs to deliver offsets, based on experience over time.</p>
<p><i>Review and adaptation</i> As the Reef Trust Offsets Plan is intended to support participation in a market both the offset parameters and prices should be updated as new knowledge becomes available. Certainty is also highly valued in markets because it allows for decisions to be made while reducing the</p>	<p>Noted, this is consistent with the Department intentions. The first review will take place in 2019 after the release of the GBR Outlook Report.</p>

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<p>price or other risks to proponents. Use of a specified update period for the physical market parameters, in-line with other reviews is sensible. As prices are highly uncertain a more regular review may be appropriate in early years as new knowledge becomes available.</p>	
<p>It may be beneficial to accommodate the potential for pooled or 'banking' of offsets in future setting offset prices as the portfolio of investments by Reef Trust develops.</p>	<p>There is no current intention to examine banking of offsets. This is because there are uncertainties around the number of future referred actions which might require offsets, the location of future referred actions, and the nature of the impacts which might need to be offset.</p> <p>Reef Trust does provide an avenue to deliver advanced offsets in accordance with the Department's Draft Advanced Offsets Policy, should a potential proponent wish to pursue that option.</p>
<p><i>Other</i> Some of the appendices text still references actions to be completed which have now been finalised (for example see Appendix 1: Section 1.4.4, 1.4.5).</p>	<p>Changed in final offsets plan.</p>