



Australian Government

REEF TRUST



Reef Trust Offsets

How the Reef Trust Manages Offsets Funds

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Part 1 – Introduction

1.1 About the Reef Trust

The Reef Trust is one of the key Australian Government mechanisms for the delivery of the Reef 2050 Long-Term Sustainability Plan (Reef 2050 Plan). Reef Trust investments are based on the best available science and consider opportunities to build on existing efforts by governments, natural resource management organisations and industry, directing funding in a targeted and strategic way to deliver against the Reef Trust outcomes. These outcomes are:

Outcome 1: Improve the quality of water entering the Great Barrier Reef from broad-scale land-use to increase the health and resilience of the Great Barrier Reef.

Outcome 2: Improve the health and resilience of coastal habitats.

Outcome 3: Improve and protect marine biodiversity including the reduction of crown-of-thorns starfish and protection of listed threatened and migratory species, such as dugongs and turtles.

Outcome 4: Any new development maintains or improves the condition of matters of national and state environmental significance through the strategic delivery of offsets through the Reef Trust. [This outcome is specific to environmental offsets]

The Reef Trust has the capacity to receive financial environmental offset contributions from proponents under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Proponents with a biodiversity-related Great Barrier Reef offset liability have the option of making financial contributions to the Reef Trust to deliver offset activities.

Use of the Reef Trust to deliver environmental offsets is voluntary

The Reef Trust Offsets Calculator is a tool for calculating the level of financial contribution to the Reef Trust required for Great Barrier Reef marine offsets. The Reef Trust Offsets Calculator has been designed to be consistent with the EPBC Act Environmental Offsets Policy 2012.

The Reef Trust Offsets Calculator is not suitable for use for marine environments other than the Great Barrier Reef

1.2 Purpose of this Guide

This guide has been designed to provide information to EPBC Act proponents who are considering using the Reef Trust to deliver their offset liability.

*The Reef Trust will generally only deliver biodiversity-related marine offsets
For offsets which are covered by the Reef Trust offsets calculator, the calculator must be used*.*

* Unless the project is in the approval stage at the time the calculator is released.

1.3 Benefits of delivering offsets through the Reef Trust

Environmental benefits

- Increased certainty that the financial contribution made will be sufficient to offset the significant residual impact.
- Offset activities are targeted to ensure they address the relevant impacted matter.
- The design of offset-funded projects is guided by the best available science and resources, and the Reef 2050 Offset Guideline.
- Proposed offset-funded projects are reviewed by the Reef 2050 Plan Independent Expert Panel – in accordance with the Panel’s Terms of Reference, ensuring an additional layer of scientific rigour and strategic coordination – and approved by the Environment Minister. Note that this process follows the granting of an EPBC Act approval by the Environment Minister or delegate.
- Cost effective investment which is additional to and complements other investment for the Reef.
- Strategic investment, with the opportunity for the pooling of offset funding from multiple proponents for the same matter or value being impacted, which can be directed towards larger scale projects, or co-location with other conservation projects, to deliver greater ecological benefit.
- Contributes to addressing the key threats identified in the Great Barrier Reef Outlook Reports and the Reef 2050 Plan.
- The Department will use existing knowledge and networks which can be harnessed to deliver more effective and efficient offset projects.

Benefits to proponents

- Payment into the Reef Trust Special Account will meet the requirements of the relevant approval condition.
- Proponents are able to receive an annual report detailing how the offset funds are being spent.
- Offset projects will be subject to monitoring and reporting equivalent to that undertaken for the Reef Trust program generally.
- Offset funds will be managed in accordance with legislated and other administrative requirements.

A proponent’s liability in relation to Reef Trust-delivered offsets will be discharged on payment of offset funds into the Reef Trust Special Account

1.4 Roles and responsibilities

1.4.1 Department of the Environment and Energy – EPBC Act regulatory area

The Department's EPBC Act regulatory area assesses actions which have been referred under the EPBC Act, provides recommendations on approval to the Environment Minister or delegate, administers approvals to ensure that approval conditions are met, and deals with non-compliance in accordance with the EPBC Act compliance and enforcement policy.

The regulatory area will:

- During the assessment phase, advise the Reef Trust if a proponent expresses interest in using the Reef Trust to deliver offsets.
- Check an offset calculation made by a proponent using the Reef Trust offsets calculator, as part of the assessment and approval process.
- After an EPBC Act approval decision has been made by the Environment Minister or delegate, provide Reef Trust with information about the impacted MNES, including a copy of the completed Reef Trust offsets calculator spreadsheet.
- Confirm to a proponent their compliance with the relevant approval condition after a payment is made to the Reef Trust.
- Deal with potential non-compliance under the EPBC Act if offset funds are not paid into the Reef Trust Special Account in accordance with the relevant approval condition.

1.4.2 Department of the Environment and Energy – Reef Trust

The Reef Trust will:

- During the EPBC Act referral assessment phase, provide information to proponents considering the Reef Trust to deliver environmental offsets (such as this guide). Note that Reef Trust is not involved in the impact assessment process.
- After an EPBC Act approval decision is made by the Environment Minister or delegate, ensure all financial transactions, including those related to offset funds received to and held in the Reef Trust Special Account, are undertaken in accordance with relevant legislation, policies and approval condition.
- Ensure projects funded with offset monies are managed with a high level of accountability.
- Implement strategic, cost effective offset projects which are consistent with applicable policies and guidelines.
- Submit offset project proposals to the Independent Expert Panel for endorsement and the Environment Minister for approval. Note that this process will take place after an EPBC Act approval decision has been made.
- Ensure effective delivery of offset projects.
- Maintain records of actions and decisions.
- Advise the regulatory area of the Department when an offset payment has been received.
- Ensure relevant reporting data and project information is made available to proponents (see template at Attachment 2); and
- Report on progress towards achieving Outcome 4 as part of the Reef Trust Monitoring and Reporting Plan.

1.4.3 EPBC Act Proponents

It is not compulsory for an EPBC Act proponent to use the Reef Trust to deliver environmental offsets. A proponent may choose to take a different approach to meeting their offset requirement under the EPBC Act Environmental Offsets Policy 2012. In this circumstance, the nature of the offset will be developed with officers from the Department's EPBC Act regulatory area, without involvement from Reef Trust.

If an EPBC Act proponent wishes to use the Reef Trust to deliver environmental offsets, during the assessment phase they are required to:

- Engage with the Reef Trust to ensure Reef Trust is able to deliver the offset.
- Use the Reef Trust offsets calculator.

Once an EPBC Act approval decision has been made, proponents are required to:

- Engage with the Reef Trust to agree administrative arrangements.
- Ensure financial contributions are deposited into the Reef Trust Special Account on time and in accordance with the relevant approval condition and administrative arrangements.
- Advise the Reef Trust of any organisation-specific reporting requirements—such as a requirement for offset project details to be included in annual reports.

Part 2 – Reef Trust Governance

2.1 Legislated and administrative requirements

The Reef Trust operates in accordance with various legislated governance and administrative requirements and processes, including when managing and delivering offset activities using funds provided by proponents. These include:

- The [Public Governance, Performance and Accountability Act 2013](#) (PGPA Act)
- The [Commonwealth Grants Rules and Guidelines](#)
- The [Commonwealth Procurement Rules](#)
- The [PGPA Act \(Reef Trust Special Account 2014\) Determination 01](#)

2.2 Internal governance

The role of the Reef Trust in relation to offsets is to deliver offset activities which address residual significant impacts on the Great Barrier Reef from projects referred under the EPBC Act.

The Reef Trust is not involved in the assessment of the extent and nature of impacts of a project which is referred under the EPBC Act, or in compliance activities. The Reef Trust’s role in managing and delivering offsets is separate from the Department’s role as a regulator, refer Figure 1 below.

Responsibility	Area
<ul style="list-style-type: none"> • Oversight of offset policy development and reform, including the EPBC Act Environmental Offsets Policy (2012). • Translation of strategic policy into regulatory practice and business improvement. • Updates to the Reef Trust offsets calculator (shared responsibility with Program Delivery). 	Regulatory Area
<ul style="list-style-type: none"> • EPBC Act assessment of environmental impact. • Confirming a calculation made by a proponent using the Reef Trust offsets calculator. • Recommendations to the decision maker. 	
<ul style="list-style-type: none"> • Post approval and monitoring assurance for approved projects. • Investigation of non-compliance with EPBC Act approval conditions. 	
<ul style="list-style-type: none"> • Implementation of the Reef 2050 Plan. • Monitoring progress towards achieving Reef 2050 Plan actions, targets, objectives and outcomes. 	Program Delivery
<ul style="list-style-type: none"> • Administration of the Reef Trust, including offset funding. • Implementation of Reef Trust offset projects. • Monitoring and reporting. • Updates to the Reef Trust offsets calculator (shared responsibility with Regulatory Area). 	

Figure 1: Overview of offset-related responsibilities across the Department

2.3 Compliance with approval conditions

The Reef Trust will advise the Department's EPBC Act regulatory area when payment into the Reef Trust Special Account has been made in accordance with the relevant approval condition.

Proponents will report on the payments as part of the annual compliance reporting required by their approval conditions. The Department's regulatory area will confirm compliance with the relevant approval condition at that time.

Failure to make payment within 7 days of the due date (30 days from date of invoice) will be referred to the Department's regulatory area for follow up.

Failure to pay the correct amount of offset funds will be raised with the proponent by Reef Trust in the first instance, to ensure that it is not an administrative error. If the matter cannot be resolved, or if one month has elapsed since the payment fell due, the matter will be referred to the Department's regulatory area for follow up.

Part 3 – Key Questions

WHAT TYPE OF OFFSETS WILL REEF TRUST DELIVER?

If requested, Reef Trust will deliver offsets on behalf of proponents who have a biodiversity-related offset liability, where the EPBC Act approval decision was made before the public release of the offsets calculator (or the action was in the approval phase at the time of release of the Reef Trust offsets calculator).

For all other approvals, where the Reef Trust offsets calculator can be used to quantify the financial offset liability it must be used.

The Reef Trust may deliver biodiversity offsets for which the Reef Trust offsets calculator is not yet able to be used. These will be considered on a case by case basis, noting that each project is different and in certain circumstances it may make sense for Reef Trust to deliver the offset.

If the offset requirement is to be delivered through the Reef Trust, the approval condition will specify when payment/s will be due.

WILL THERE BE ANY FORMAL ARRANGEMENTS BETWEEN REEF TRUST AND A PROPONENT?

Reef Trust and a proponent will agree administrative arrangements covering such things as invoicing and payments, and reporting (by Reef Trust). The administrative arrangements will be agreed via an exchange of letters.

The duration of any administrative arrangements will align with the life of the Reef Trust Special Account (currently to 1 October 2024).

In the event that the Reef Trust Special Account ceases to exist after 1 October 2024, the Reef Trust condition will provide for offset payments to be paid to an alternative fund approved by the Minister for an equivalent purpose.

HOW WILL OFFSET PROJECTS BE DESIGNED?

Reef Trust will use the 10% Department handling fee to engage expertise to design and contract manage offset projects. Offset project design will:

- Address the specific matter of national environmental significance or value impacted
- Use the best available science
- Use advice from subject matter experts and the lessons learned from previous investment in conservation projects, and
- Use existing knowledge and networks to maximise effectiveness and efficiency.
- Be prepared in consultation with relevant stakeholders and expertise.
- Be consistent with relevant policies and guidelines including the Reef 2050 Offset Guideline.

The plan accompanying the Reef Trust offsets calculator identifies the types of offset projects that could be undertaken to deliver the best environmental outcomes for the Great Barrier Reef, and the preferred location for these activities to occur.

Offset project concepts will be provided to the Reef 2050 Independent Expert Panel for review and advice – both in the context of alignment with the Reef 2050 Plan and in order to use the best available science.

Offset proposals will be approved by the Environment Minister prior to implementation.

HOW WILL CONSUMER PRICE INDEX (CPI) BE CALCULATED?

Where a proponent is required to make an annual contribution to the Reef Trust over a period of years,

indexed to CPI, the level of contribution required will be revised annually by the Reef Trust in consultation with the proponent.

The CPI adjustment will be based on the % change to CPI (weighted average of eight capital cities for all groups CPI) during the June quarter to June quarter which is published by the Australian Bureau of Statistics at the end of July each year (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>).

HOW WILL OFFSET PROJECTS BE MANAGED?

Offset projects delivered through the Reef Trust will be managed in line with the Department's stringent project management processes.

Where a funded project is not delivering the agreed environmental outcomes or there are indications of poor project performance, the Reef Trust will liaise with the delivery partner and identify areas for improvement. If a particular project continues to perform poorly, the Reef Trust team will consider alternative delivery options.

HOW WILL OFFSET PROJECTS BE REPORTED ON?

Delivery partners will be required to report on a project's performance and progress on a six monthly basis through the Department's online Monitoring and Reporting Tool (MERIT). Developed in partnership with the Atlas of Living Australia, MERIT is designed to collect and store planning, monitoring and reporting data associated with natural resource management projects funded by the Australian Government.

MERIT collects a broad range of project-related data including:

- Project outcomes – observable over a longer period of time, such as progress towards establishing vegetation.
- Project outputs – short term achievements which demonstrate a project is delivering on its agreed activities, such as area of revegetation completed.
- Project activities – the actions being done during each reporting period which together help achieve the project outputs.
- Key evaluation questions – questions which are answered throughout the project and assist in identifying areas for improvement and identification of approaches which are working well.
- Risk and threats – the risks and threats to the project achieving its intended outputs and outcomes, such as risk of severe weather events and how they can be mitigated or minimised.

Members of the public are able to access information about offset projects on MERIT. A project overview is publicly available, including a brief description, total amount of funding, timeframes and the funding recipient. A user-friendly dashboard visually demonstrates project progress towards achieving output targets.

The type of information required to be monitored and reported will depend on the nature of the project being undertaken. Developing a monitoring approach which is fit for purpose is an essential part of the project planning stage and is documented in the monitoring, evaluation, reporting and improvement plan (MERI plan) by the delivery partner.

The information collected about offset projects in MERIT will be used by the Reef Trust to determine the contribution of offset projects to achieving a no net loss outcome.

Monitoring will inform the Reef Trust reporting on overall progress towards the achievement of Reef Trust Outcome 4 through the following avenues:

- Reef Trust website
- Reef 2050 Annual Report
- Reef Trust Investment Strategies
- Departmental Annual Reports

In addition, it will allow the Reef Trust to evaluate its success in offsetting impacts from referred projects.

Where requested by proponents as part of their administrative arrangements, progress reports will be provided on an annual basis, based on a financial year, using the information gathered on MERIT. The annual report will be in the form of the template at Attachment 1, which the Department may adapt as necessary.

Attachment 1 – Reef Trust annual report to proponents template

EPBC Approval Details

Project Name:		EPBC No:
Proponent Name:		Approval Expiry Date:
Reporting Period:		
Funds received in the reporting period	\$	
Total funds received to date	\$	
Funds spent in the reporting period	\$	
Total funds spent to date	\$	

Offset Project/s

PROJECT	
Project Title:	
Total Project Value:	
Time Frame:	
Delivery Agent:	
Part of a combined offset project? Yes/No	
Project description: <i>Summary of project activities and how they will benefit the impacted matter of national environmental significance</i>	
Project Progress: <i>Progress on implementation in the last 12 months (activity focus)</i>	

Outcomes: <i>Summary of the progress towards offsetting impacts on matters of national environmental significance including any additional unexpected outcomes.</i>	
Funds spent on this project in the reporting period	\$
Total funds spent to date on this project	\$

[Use one of the above tables for each project if there are multiple projects]