



17 October 2024

State Government response to the Pilbara Environmental Offsets Fund independent evaluation

The independent evaluation of the Pilbara Environmental Offsets Fund (PEOF) provides clarity on how to deliver the program more efficiently and effectively. Extensive stakeholder engagement has clearly shown that the PEOF is supported by many, and all involved want to see the program succeed.

The State Government is committed to PEOF's future success and will approach program modifications through the lens of the evaluation.

The PEOF program evaluation is a requirement under the Memorandum of Understanding (MoU) established in November 2020 between the Department of Water and Environmental Regulation (DWER) and the Australian Government Department of Climate Change, Environment, Energy and Water (DCCEEW).

It is also a recommendation (V28b) from the Vogel-McFerran review of the Western Australian approvals system, released in December 2023.

In June 2023, the PEOF Board endorsed the scope of the evaluation, which was to:

- assess whether the program has been delivered efficiently and effectively
- assess whether the program settings/design are appropriate to meet measures of success
- explore opportunities for the program to improve on both points above.

The evaluation covers the entire program, informed by experience from the design and delivery of individual projects and review of documents that form the foundations of the PEOF. The evaluation findings and recommendations reflect extensive stakeholder engagement with representatives from the State Government, Australian Government, industry, Traditional Owners and project delivery partners.

Independent evaluation findings

The evaluation has raised and confirmed the issues to be addressed. The findings are identified and presented as two challenge areas for the PEOF to implement strategic offsets – policy and program design. The issues have been categorised for planning and reaffirm that offsets delivery has many steps and many participants from offsets conditioning through to on-ground delivery.

Although the policy and design challenges are connected, it is important to differentiate the two. The policy issues identified are broader than PEOF and relate to a suite of offsets reform work already

underway at DWER. This work allows the PEOF to focus on implementing changes within the program design and refocus and reaffirm its approach to achieving landscape-scale conservation actions that identify priority biodiversity conservation issues and provide targeted and enduring outcomes.

Immediate and future actions

Program design

In 2024–25:

- DWER will introduce greater transparency, engaging with industry and other stakeholders on delivery of these actions as well as developing environmental project tracking resources that report effectiveness monitoring of each project.
- DWER and DCCEEW will work with the Department of Biodiversity Conservation and Attractions to realign PEOF's project development process to a strategic landscape scale approach, which is aligned with the Environmental Protection Authority's (EPA's) intent in releasing its regional offsets public advice.
- DWER and relevant Western Australian agencies will workshop the evaluation findings with the Australian Government to achieve greater alignment and update and progress the MoU workplan.
- DWER will review and reformulate governance groups.
- DWER will bolster staff resources to accelerate the PEOF project development process and increase project development with industry.

In 2025–26:

- DWER will work with relevant agencies to redefine project assessment criteria to introduce greater flexibility and risk tolerance levels.
- DWER will engage with the EPA to ensure that PEOF provides certainty that conditions can continue to deliver required environmental outcomes.
- Commence a review of the PEOF Implementation Plan (PEOF's five-year framework that guides operation of all aspects of the fund).
- DWER will provide learnings from the PEOF evaluation into cross-government initiatives.

DWER Offsets Policy reform

- DWER is progressing a review and revision of the environmental offsets framework to improve deliverability of high integrity offsets. This includes ensuring offsets contribute to strategic improvements and ensuring policy requirements for like-for-like or similar, security and additionality are fit-for-purpose.
- DWER is undertaking a review of offset pricing to ensure offsets are priced to cover the true cost of delivering offsets in the Pilbara.

- DWER will engage with the Australian Government and manage state policy to improve alignment of State and Australian governments offsets policy requirements for proponents (to the extent possible in context of different legislative requirements).
- DWER will coordinate the prioritisation and definition of cross-government initiatives to build the supply of the land, services and materials needed for ecological restoration projects, including for offsets.

The above offset policy reforms aim to accelerate effective disbursement of proponent contributions to acquit offsets conditioned under the PEOF.

While it is DWER's focus to ensure these actions are undertaken, they will not detract from the PEOF project team's continued primary focus of developing and implementing offset projects. Significantly, all projects implemented include detailed monitoring of environmental outcomes, driving further certainty for regulatory decision-making.