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Carbon credits windfall in south

By SCOT MacKAY

A WINTON-BASED forestry company says it has secured one of the first sales of carbon credits in Southland and Otago for the private sector, worth millions of dollars.

Independent Forestry Services' carbon business manager Mike Mitchell said the forest management and consultancy company had completed a deal with a European government to sell surplus carbon credits.

He declined to name the government or the payment price, other than to say the deal was worth millions to the "handful" of forest owners involved.

Credits were selling for between \$16 and \$20 a tonne of carbon dioxide, so it was "a real opportunity for forest owners to profit from the Emissions Trading Scheme", he said.

The trade was good news for the scheme because the money was likely to be reinvested into the New Zealand forestry sector, Mr Mitchell said.

"There has been a lot of negative press regarding the emissions trading scheme . . . (so) it is good to see some positive news with investors seeing some benefits from the scheme," he said.

Southland District Council forest manager Roger Washbourn said carbon credits were given to forest owners because of the carbon the trees absorbed.

But a lot of those credits were surplus to the emissions the sector created, so they were able to be sold for cash, he said.

Mr Washbourn was unsure which government had bought the Southland credits, but believed it was Norway.

Ernslaw One southern regional

DID YOU KNOW?

- ▶ The New Zealand Emissions Trading Scheme is where New Zealand Units (NZU) are traded.
- ▶ Effectively one NZU is the right to emit 1 tonne of carbon dioxide, or the equivalent amount of certain other greenhouse gases.
- ▶ Because forests absorb greenhouse gases, the forest owners who enter the scheme earn NZUs from the Government.
- ▶ These groups and others can then trade NZUs.

carbon credits about a year ago.

That sale, to the Norwegian government, was worth millions of dollars.

"This is new territory but that's a risk you build in when you do the transaction," he said.

Selling carbon credits was worth big bucks, but with the first five-year commitment period ending in 2013 its future was unknown.

People enjoyed environmental benefits from forests, so it was good to get something back for that, he said.

"With a crop of trees you harvest after 30 years, but with carbon credits you sell each year."

Several forestry companies were weighing up the pros and cons of joining the scheme, he said.

Wenita Forest Products Ltd chief executive David Cormack said last night it would consider selling carbon credits after it had joined the emissions trading scheme.

There were opportunities to profit from the scheme but it had its liabilities, because when the trees were cut down forestry companies had to buy back credits, he said.