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'Offsetters' thrive in tax atmosphere

By **PETER KER**
RESOURCES REPORTER

WHEN your business is planting trees, you get used to an incremental pace of growth.

But on the back of the Gillard government's carbon tax plans, Andrew Grant is witnessing the type of spurt that simply isn't found in nature.

"I'm trying to find an adjective better than growing, but we are simply growing, literally and metaphorically," he said.

Mr Grant's CO2 Group was one of a cluster of ASX-listed companies to enjoy stunning share price improvements yesterday after the carbon tax announcement.

While the broader market suffered a poor day, CO2 Group — which plants trees in western Victoria and sells carbon credits to polluting companies — rose more than 8 per cent to 26.5 cents a share yesterday. They were worth just 16 cents a fortnight ago.

"By virtue of this nationwide policy it magnifies demand by 20 or 30 times overnight for the kind of things we do," Mr Grant said. "We've built the business and designed what we do around the expectation of yesterday, so it has been eight years in the making."

While the \$23 carbon price

gave investors a new level of certainty, Mr Grant said there were other details — such as the \$15 floor that had been set for the carbon price once the switch was made to emissions trading — that were just as significant in luring investors.

The company already sells permits to 10 of the 500 large companies that will pay the carbon tax and with the other 490 needing to offset their emissions somehow, Mr Grant is confident a lot more growth for his company is ahead.

Peter Balsarini will be hoping to capture the same market through his company Carbon Conscious, which also plants trees and sells permits.

Carbon Conscious shares rose more than 9 per cent yesterday to 34 cents and are now triple the value they were fetching just a fortnight ago. Mr Balsarini reckons they could climb further once the legislation is actually passed, rather than merely promised. "When the legislation passes that will be another element of risk coming off the table," he said.

It will be several days before it becomes clear who exactly is behind the rush to renewables and clean stocks, but Mr

Balsarini suspected some investors were seeking "a bit of a hedge to the carbon price".

"There may be some stocks that are impacted by the carbon price and finding something that is positively hedged is probably not a bad play for the investor because it helps to balance the portfolio," he said.

Indeed many large energy companies long ago lodged their money in clean-tech aspirants. Oil and gas producer Woodside is the fifth largest shareholder in Geodynamics, a small company trying to commercialise geothermal energy.

Origin Energy is also a big holder of the stock, which enjoyed a 25 per cent rise to its share price to 42 cents yesterday; well above the 12 cents they were fetching a fortnight ago.

Though a market minnow at just 7.7 cents a share, fellow geothermal aspirant Kuth Energy enjoyed a 14.93 per cent share price rise yesterday. That rise is only dwarfed by the 23.53 per cent rise the shares enjoyed on Thursday, just hours before full details of the government's new renewable energy agency ARENA were announced.