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Carbon offset deal could be first of many

Hamish Rutherford

AN AUSTRALIAN company is to plant one million pine trees near Gisborne after winning an \$11 million contract from an energy company to help offset its carbon liabilities.

ASX-listed Carbon Conscious announced its first New Zealand contract yesterday, under which it will establish a carbon forest sink with an unnamed "major Australasian energy company".

Carbon Conscious, which is based in Perth, already has contracts in Australia with Origin Energy and the deal is believed to be with Contact Energy, which is majority owned by Origin.

Chief executive Peter Balsarini said the emissions trading scheme, which requires compan-

ies to offset their carbon emissions, and a well established forestry industry, meant New Zealand could hold similar potential to its home market.

So far the company, which listed on the Australian Stock Exchange in 2008, has planted around nine million Mallee eucalypt trees in the grain belt in Western Australia, mainly revegetation of former natural forests.

"Given the established nature of the carbon market in New Zealand we believe the New Zealand business model has the potential to be as rewarding as the company's Australian operations," Mr Balsarini said.

Under the contract the company will buy land and receive

fees for planting and operating forests in New Zealand. It will also own the trees when the forest reaches maturity.

Planting is expected to begin in about two months.

Mr Balsarini said he expected energy companies to use forests as part of a portfolio to offset carbon liabilities, with trees giving a stream of carbon credits at a fixed cost. This would hedge against the risk of carbon credit costs increasing.

Tom Reynolds, the company's New Zealand general manager, said Carbon Conscious was in talks with other groups which had carbon costs to offset in New Zealand.



Tree talks: Carbon Conscious has signed a tree-planting deal with an energy company and is in talks with other groups about offsetting carbon costs. Photo: FAIRFAX