

Woodside gets to the root of the problem with tree deal

Nigel Wilson
Energy writer

GAS giant Woodside and the CO2 Group have agreed to set up what they claim to be Australia's biggest carbon offset program, planting trees to offset carbon dioxide emissions.

Woodside CEO Don Voelte said yesterday that several options had been examined to handle the 1.7 per cent of carbon dioxide contained in the gas from the \$12 billion Pluto LNG project on the Burrup Peninsula.

Mr Voelte said that burying carbon would have to be considered for gas discoveries in the Browse Basin and at Gorgon, but Pluto's CO2 could be offset most efficiently by planting trees. Under a deal with Ian Trahar's listed CO2 Group, up to 20 million mallee trees will be planted in NSW and Western Australia.

In a phased program, CO2 will plant mallee in each of the 2008 and 2009 growing seasons at an estimated value of \$25 million over 50 years, most value being generated in the first two years.

Woodside has the option of funding additional plantings between 2010 and 2012, which would lift the value of the offset program by a further \$75 million.

Mr Voelte said the phased program would allow Woodside to determine if mallee planting to offset carbon emissions was effective. "We are new to this part of the business and we have to make sure that works through an effective audit program," he said.

CO2 Group chief executive Andrew Grant said the carbon offset program, which the company would manage for Woodside through its subsidiary CO2 Australia, confirmed the scale of

the business opportunities in the rapidly emerging Australian carbon market.

"Our CO2 Australia carbon sequestration program is well positioned to capitalise on this emerging market as CO2 Australia offers a low cost and highly scaleable accredited solution to major Australian companies, multinationals and governments," he said.

CO2 Group is accredited under the NSW Government's carbon credit scheme, and following recent changes to the Commonwealth Tax Act, the Pluto arrangement will qualify under the federal Government's Greenhouse Friendly program.

In September, federal Treasurer Peter Costello announced changes in tax legislation to encourage the carbon sink forest industry to establish a foundation

in Australia.

Under the changes, investment in carbon sinks attracts an immediate taxation decision for the next five years and from 2012-13, will be replaced by a tax writeoff.

According to CO2 Group, next year's Woodside plantings will be in NSW, with all subsequent plantings in Western Australia.

Mr Grant said mallee had been chosen because it required little water and could be planted in degraded farming land.

If developed to its full extent, the program would require about 25,000ha of cleared farming acreage but would not involve any new land clearing.

Farmers would be paid to plant mallee that would remain unharvested for the life of the program.