

Carbon scandal snares Australian

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An Australian company has been swept up in a \$100 million carbon trading scandal in Papua New Guinea.

The scandal has led to the removal of the head of the country's Office of Climate Change and has prompted an investigation into claims that fake carbon trading certificates were used to persuade landowners to sign over the rights to their forests.

It threatens to undermine efforts by Climate Change Minister Penny Wong to win support at UN climate talks for a global carbon trading scheme that would include forests in countries such as PNG and Indonesia. Senator Wong yesterday declined to answer questions on whether the scandal had been raised at UN climate talks last month, or whether she had discussed the crisis with PNG Prime Minister Michael Somare or his officials.

The chief executive of the company Carbon Planet, Dave Sag, admitted to *The Age* that his PNG partner, Kirk Roberts, used mocked-up carbon certificates signed by PNG's Office of Climate Change director Theo Yasause as "props" when negotiating with local landowners. But he denied PNG media reports that the certificates were stolen or intended to mislead.

Mr Sag said the certificates, which purport to represent 1 million tonnes of "voluntary carbon credits" issued by the UN under the "Reduced Emissions from Deforestation and Degradation" (REDD) scheme, were created by PNG officials simply to explain the scheme.

"Those certificates are worthless. They're not backed by anything. They really are props. No one who knows anything about carbon would take them in any way seriously", he said. "They ended up in Kirk's hands because they would have been produced as a prop to be taken out and waved in front of people in order to provide some physicality to what is essentially an ephemeral thing".

Carbon Planet is expected to list on the stock exchange soon and told investors recently it had \$100 million in potential REDD projects in PNG. Mr Sag said this figure came from "estimates based on contracts we have in place".

But PNG's new acting Climate Change Director, Dr Wari Iamo, warned landowners on Monday not to sign any carbon trading agreements over their forests as the scandal has escalated.

Mr Iamo said PNG has no laws or policies that cover carbon trading and even voluntary agreements "are not currently supported by the Government".

Climate talks in Copenhagen in December will decide whether the REDD scheme will get official UN recognition. The scheme, which is being heavily backed by Australia, is designed to allow developing countries to reduce greenhouse gas emissions by saving their forests from logging. In exchange, landowners would earn "carbon credits" they could sell to high-polluting industries overseas.

Since serious discussions over the scheme began, scores of carbon traders like Carbon Planet have moved into PNG and Indonesia, trying to sign up landowners.

Wilderness Society organiser Tim King said, "Carbon finance and REDD have triggered a 'gold rush' mentality with companies and private individuals swarming across the country looking for landowners to sign up."

Carbon Planet and its partner, Mr Roberts, have been criticised for persuading landowners to hand over power of attorney to Mr Roberts.

After securing landowners' legal rights, he signs contracts with Carbon Planet, which then acts as the broker to sell the carbon rights to their forests.

Mr Sag said he did not believe there was a conflict of interest in the power-of-attorney arrangement, despite complaints from some angry landowners.

A spokeswoman for Senator Wong said the minister remains committed to working with PNG over future forest carbon markets. "As with any international market, minimum performance and institutional standards will be demanded from suppliers of credits to provide investors with certainty and confidence," she said.

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