

Carbon Offsetting

The Federal Government Draft National Carbon Offset Standard defines a 'carbon offset' as a reduction in aggregate greenhouse gases, relative to a business-as-usual baseline, through purchasing tradeable credits to negate (or offset) all or part of an entity's emissions by sequestering the equivalent of carbon produced. Credits are purchased from a recognised provider and are completed in a way consistent with the Kyoto protocol.

The option of carbon offsetting is ideally used to offset residual greenhouses gas emissions. This means that efforts should first be put into reducing an organisation's greenhouse gas creation with a sound environmental management system. Carbon offsetting is a convenient solution but has no actual payback for a business. Alternatively implementing energy, water and waste management measures can reduce a business' long term costs.

Why buy offsets?

Businesses buy carbon credits to offset particular products and services and to meet corporate commitments to social responsibility, including *carbon neutrality*. They may also purchase credits to offer carbon offsets to individual customers bundled with other goods or as an incentive to purchase goods from a specific supplier.

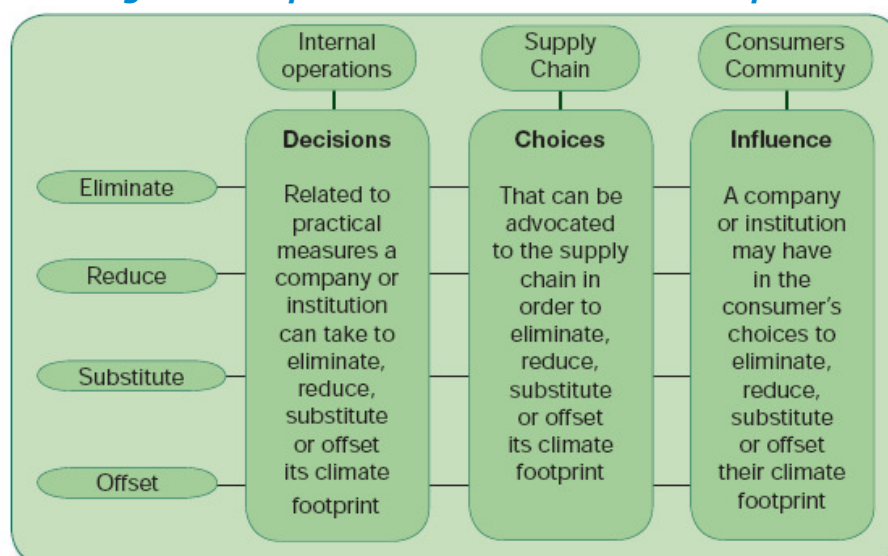
'Carbon Neutrality' is, broadly speaking, achieved by reducing and then offsetting a business or individual's carbon dioxide equivalent emissions (CO₂-e) and requires comprehensive accounting for the accurate measurement of a carbon footprint.

At present, carbon offsets are voluntary; however, achieving 'carbon neutrality' in Australia will change with the introduction of the Carbon Pollution Reduction Scheme (CPRS). The cap and trade system will encourage businesses to reduce their emissions above the 'cap' and will price carbon traded above the cap to encourage a reduction of carbon pollution. Refer to the Regulatory Requirements factsheet for more information.

Is carbon neutrality a reality?

Scientists at the Second International Conference on Climate Change demonstrated that global Carbon Neutrality was an impossible state to currently attain. Every action leaves a footprint, and the ability of an organisation to achieve carbon neutrality relies on a number of factors outside the control of the operator, including local transport operations and supply chain practices. Therefore it is recommended that operators aim to be 'carbon lite'.

Figure 1: Steps to Reduce Your Carbon Footprint



Source: UNWTO, UNEP & WMO 2008

Is their Government Accreditation for Offsetting?

The Australian Consumer and Competition Commission (ACCC) notes levels of understanding about carbon offsets and carbon neutrality are varied and that assessment methodologies can create confusion as to the legitimacy of claims and products.

The Discussion Paper on the development of a National Carbon Offset Standard suggests that while it is important to provide assurance to consumers that they can confidently purchase genuine and legitimate carbon offsets, the National Carbon Offset Standard should provide guidance (not accreditation) and be voluntary. That is, businesses that take action in accordance with this standard could state that they have offset but there would not be a quality mark or logo associated with these claims.

Guidelines for Offsetting

The Federal Government's White Paper on the Carbon Pollution Reduction Scheme and the introduction of an Emissions Trading Scheme has implications for the voluntary carbon market for those wishing to offset carbon. To assist businesses to better understand this complex area the National Carbon Offset Standard Discussion Paper was produced in December 2008 (www.climatechange.gov.au).

The discussion paper outlines the proposed National Carbon Offset Standard which will apply to businesses offering voluntary carbon offsets (as opposed to carbon credits provided through the soon to be implemented mandatory system) and provide greater confidence to consumers who wish to purchase offset products.

The National Carbon Offset Standard suggests that offset projects and thus offset providers should be able to demonstrate that:

- The abatement generated would be beyond or additional to that which what would be undertaken as part of business-as-usual investment or beyond what is required by regulation;
- Generation of offsets has actually occurred and the carbon stored or sequestered is permanent will not to be released into the atmosphere in the future;
- Methodologies used to quantify the amount of abatement generated are robust and measurable;
- The program is transparent so that consumers and other interested stakeholders should be able to examine information on the projects supported on a publicly available website;
- An independent validation occurs on the eligibility of the project and the abatement achieved and to ensure that no conflict of interest occurs;
- Offsets involve no double counting so consumers need to have confidence that a system is in place to register and track credits.

In selecting an offsetting provider, tourism operators should be aware of these guidelines and ensure a provider complies.

ecoFund Queensland

In January 2009, ecoFund commenced operations as a government owned broker of carbon offset products and related consultancy services. It was provided with a mandatory obligation to provide all offset services to Queensland Government departments.

From July 2009, ecoFund will also deliver voluntary carbon offset programs and offset product choices for households and individuals to undertake greenhouse gas abatement. ecoFund will also develop partnership opportunities to deliver high quality offset solutions for private sector businesses to offset their own emissions, encourage their customers in offset purchases and support corporate environmental leadership strategies.

ecoFund provides its services on a non-profit-seeking basis to ensure high quality cost-effective service to its clients. The key objectives behind ecoFund are to:

- Deliver environmental and carbon offsets in Queensland
- Expand Queensland's national parks by 50 percent and expand other conservation areas by approximately eight million hectares by 2020
- Develop the carbon industry in Queensland.

For more information on ecoFund, visit www.epa.qld.gov.au

Types of Carbon Offsetting Projects

There are two types of carbon offsetting projects:

1. Forestry Projects

Because Trees are carbon sinks that capture carbon dioxide from the atmosphere, planting trees and protecting forests from clear cutting is one way to offset carbon emissions and maintain ecosystems. It should be noted however that forestry projects receive some criticism because they contain a time limit and it is difficult to make sure that forests remain standing; especially in an environment like Australia's where there is a constant danger of drought and bushfires.

As not all of the reforestation projects are the same, it is important to be aware of the potential issues and select a program that addresses your concerns.

2. Energy Projects

Investing in the development of renewable energy and energy efficiency is another approach that works towards lowering future production of carbon. Projects investing in renewable energies or energy efficiency are addressing the problem at source. Energy projects are generally seen as more sustainable than tree planting measures as they are long term focused and reduce the reliance of fossil fuel use. However, in terms of carbon trading you will need to confirm the program is compliant with the National Standard.

Consumers and Carbon Offsetting

Carbon Offsetting by Consumers

There appears to be some confusion amongst travellers on what 'carbon offsetting' is and most travellers are still unwilling to participate in carbon offsetting¹. The Victorian Green Light Report² found that 86% of Victorian households have adopted approaches to reduce their environmental footprint (such as taking shorter showers), only 3% have used a carbon offsets scheme.

This research is supported by Roy Morgan Research³ which surveyed over 655 Australians on their attitudes towards climate change and participation in carbon offset schemes. Only 4% of respondents to the survey had participated in a carbon offset program. Uptake of the programs was primarily through the airline providers and hire car companies. The majority of Australian's (62%) intend to use a carbon offset scheme in the future. The main reasons being to 'help the environment' (28%). The remaining 29% do not intend to use them for financial reasons or because they believe they are a scam.

¹ Becken, S. (2004). How Tourists and Tourism Experts Perceive Climate Change and Forest Carbon Sinks.

² Victorian Government. (2008). Green Light Report: Victorians and the Environment in 2008.

³ Roy Morgan Research. (2008). Carbon Emission Offset Schemes Report (May 2008).