

QUEENSLAND Country Life

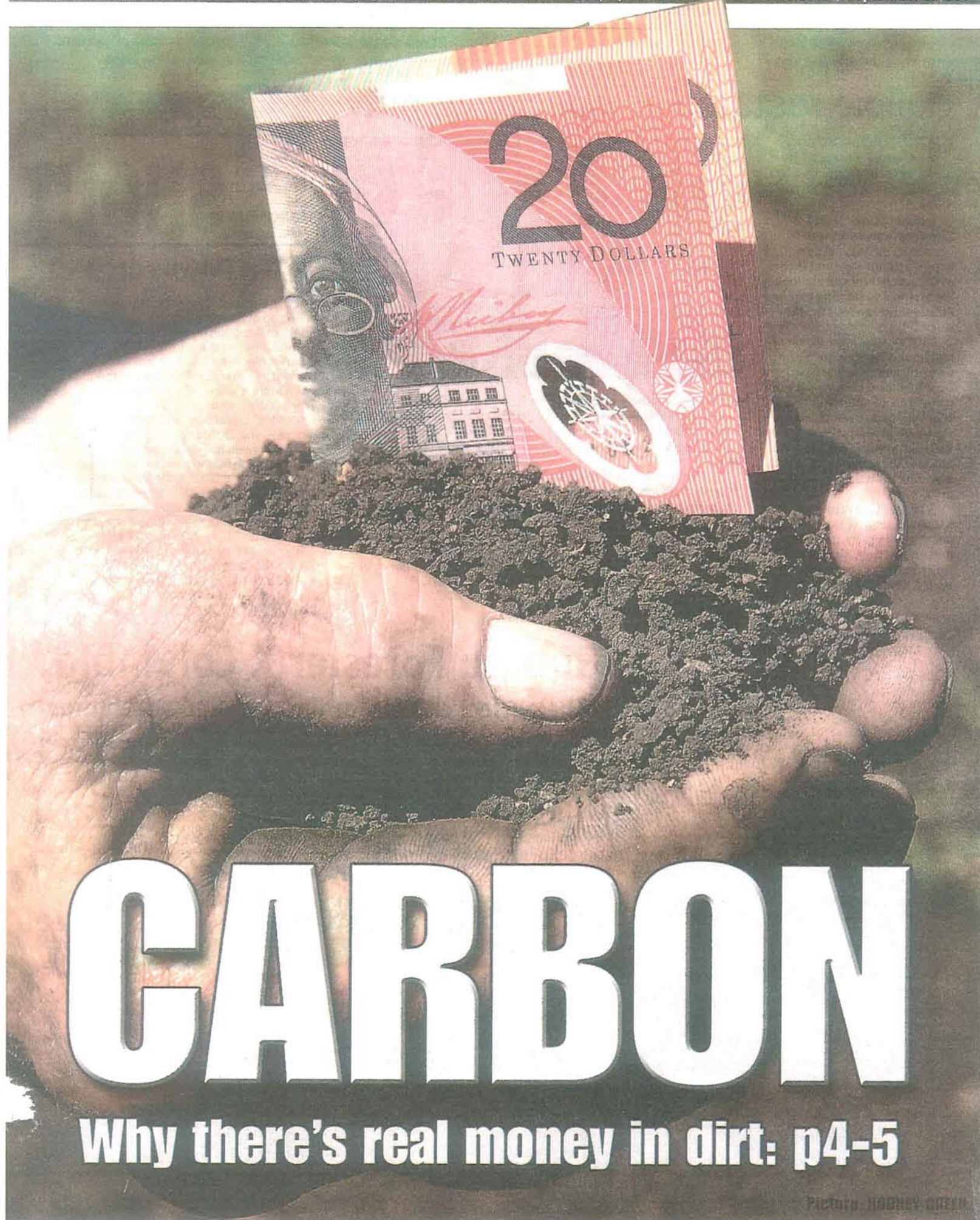
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\$3.20 (incl GST)



CARBON

Why there's real money in dirt: p4-5

CARBON TRADING

How the contracts work ...

SELLING carbon is as difficult in practice as it is in theory, which is why RCS is positioning its CarbonLink program to do the hard work for graziers.

The expenses begin before a contract is even in place, with a soil-carbon analysis costing about \$20/hectare. Analyses occur at the beginning of the process and at years five and 10 of the sale contract to verify that the promised volume of carbon is actually sequestered. This is of vital importance to both the value of carbon and the credibility of the CarbonLink program. CarbonLink director Terry McCosker said values for "poor quality carbon" fell to as low as \$5/tonne but, by having strictly verified carbon for sale, values jumped to \$30/t.

Adding to the credibility of the scheme is the establishment of a registry of carbon trades on the Financial and Energy Exchange (FEX), with every contract recorded and certified as a means of preventing dodgy operators buying or selling the same carbon more than once.

The final step to add security to the process is the margins for error built into the system to allow for acts of nature disrupting carbon emissions.

CarbonLink will offer for sale only the net volume of carbon in the soil, less a 10pc margin for error. A further 25pc of the carbon available is not sold until after it has been confirmed by the five and 10-year soil-carbon analysis as insurance against any shortfalls.

Similarly, 20pc of the value of the contract is also held in trust as security until after the 10-year period of the contract but the earnings on that trust are paid out with interest to the vendor over the remaining 60 years of the contract.

The final cost to the vendor is the commission for sale, which could be as high as 20pc due to the cost of verification, listing and trading incurred by CarbonLink. These reductions may sound significant but, even at current prices which are expected to rise, an average grazier could be looking at a new income stream about \$50/ha/year.



Picture: ROBNEY GREEN

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