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Media Release

Key Greenhouse Program To Be Axed

Firms plan to move off-shore

Following its recent greenhouse alliance with the USA, the Australian Government has decided to abolish a key program aimed at facilitating Australian firms investing in clean energy projects abroad, leaving many investors holding worthless carbon credits, according to Australia Institute Executive Director Dr Clive Hamilton.

Although yet to be officially announced, the Industry Department has been notifying firms supported by the International Greenhouse Partnerships Program that it will be closed down from 30th June 2002.

The Program is aimed at encouraging Australian companies to invest in clean energy and emission reduction projects in developing countries, investments that were expected to generate internationally tradable emission credits under the Clean Development Mechanism of the Kyoto Protocol.

European Union officials have recently confirmed that emission credits generated by Australian companies will not be saleable in countries that have ratified the Protocol.

The Federal Government's IGP Program set out to spend \$6 million over three years on projects such as natural gas conversion in Chile, renewable energy in Peru and Indonesia, landfill gas use in Malaysia and carbon sequestration in Vietnam.

The companies include AGL, FCT Combustion Pty Ltd, Advanced Energy Systems Ltd, Landfill Management Services (owned by Simsmetal) and Fuel Technology Pty Ltd.

In the case of AGL, the company expects to reduce emissions in Chile by 1.3 million tonnes each year, a figure endorsed by the IGP Office. With emission credits expected to trade for around \$7-\$12, AGL could lose \$10-15 million a year.

Several businesses are already making plans to move off-shore so that they are domiciled in countries that are eligible to benefit from the Kyoto trading mechanisms.

“While the Government has emphasised the costs to Australian business of ratification of the Kyoto Protocol, the real issue now is the costs to Australian business of the Government's failure to ratify,” said Dr Hamilton.

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