Ex-watchdog on attack over carbon credit 'fraud'

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Up to 80 per cent of the carbon credits issued by Australia's clean energy regulator are flawed, leaving buyers holding "sham" assets that have failed to reduce the nation's carbon burden, says Andrew Macintosh, the Abbott government's former chair of a key market oversight integrity committee.

In a scathing assessment, Professor Macintosh – who is director of research at the ANU Law School – called for the break-up of the Clean Energy Regulator to reduce its power and spread its functions to other agencies, as well as the immediate repeal of "low integrity methods" for recognising carbon credits, also known as Australian Carbon Credit Units (ACCUs).

He has also called for in independent investigation.

"What is occurring is a fraud on the environment, a fraud on taxpayers and a fraud on unwitting private buyers of ACCUs, including private households who purchase ACCUs to offset their emissions," he said.

"People are getting ACCUs for not clearing forests that were never going to be cleared; they are getting credits for growing trees that are already there; they are getting credits for growing forests in places that will never sustain permanent forests; and they are getting credits for operating electricity generators at large landfills that would have operated anyway."

ACCUs are a financial asset generated by the Clean Energy Regulator when people promise to create a project that either avoids emissions or

Andrew Macintosh: System can only work if there is integrity. PHOTO: VICKY WILKES

revealed in September that ASX-listed companies seeking to offset their emissions were being warned to do their own due diligence on federal-approved farm land credits amid concerns about methodology.

Professor Macintosh, who chaired the integrity committee charged with overseeing the regulator's methodology for 6½ years and was a member of the 2020 Grant King review into low-cost sources of abatement, said there were serious problems with the scheme's methodology.

These include flawed assumptions related to deforestation, the issuance of credits for "trees that are already there", and improper changes to rules around the use of landfill gas projects at sites such as Lucas Heights in Sydney, Woodlawn south of Goulburn, Mugga

manner – Professor Macintosh said it could only work if there was integrity in the system.

"It is facilitating a large wealth transfer, from taxpayers and unwitting buyers, to project proponents and aggregators, but is achieving little in the way of abatement."

Professor Macintosh likened flawed carbon credits to "welfare payments for the undeserving".

"In 2014, Tony Abbott said that carbon markets involve 'the non-delivery of an invisible substance to nobody'," he said. "What is occurring here is worse. It is the non-delivery of a nothing to a paying customer."

The implications of the collapse in governance by the regulator meant $1 billion in public money had been wasted, Professor Macintosh said.