



NEWS RELEASE

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Auditor General finds lack of credibility in carbon offset purchases

VICTORIA — According to Auditor General John Doyle’s latest report, titled *An Audit of Carbon Neutral Government*, the majority of offsets purchased to meet government’s carbon neutral goal in 2010 were not credible. The audit examined two projects which accounted for nearly 70 percent of the offsets purchased by government to achieve their claim of carbon neutrality: the Darkwoods Forest Carbon project in southeastern B.C. and the Encana Underbalanced Drilling project near Fort Nelson.

“Offsets can only be credible in British Columbia if, among other things, the revenue from their sale is the tipping point in moving forward on a project. It must be an incentive, not a subsidy, for the reduction of GHGs,” said Doyle. “However, neither project was able to demonstrate that the sale of offsets was needed for the project to be implemented.”

Encana’s project was projected to be more financially beneficial to the company than its previous practices, regardless of offset revenue, while the Darkwoods property was acquired without offsets being a critical factor in the decision.

“In industry terms, these projects would be known as ‘free riders’,” said Doyle. “Together, they received \$6 million in revenue for something that would have happened anyway.”

Doyle also commented on the unprecedented level of interference by an audited organization and industry in the audit.

“Of all the reports I have issued, never has one been targeted in such an overt manner by vested interests,” he stated. “Nor has an audited organization ever broken my confidence as did the senior managers at the Pacific Carbon Trust by disclosing confidential information to carbon market developers and brokers.”

“I was astonished to have to expend my Office’s limited resources responding to an orchestrated campaign of delay and interference, led by a public sector entity on behalf of market interests.”

About the Office of the Auditor General of B.C.:

The Auditor General is a non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly. The *Auditor General Act* empowers the Auditor General and his staff (known as the Office of the Auditor General or the OAG) to conduct audits, report findings and make recommendations.

2012/13 Report 14 – *An Audit of Carbon Neutral Government*

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