



## Emissions Reduction Fund

Australia is meeting our climate change targets through policies that provide positive incentives to reduce emissions.

At the core of Australia's climate change policies is the \$2.55 billion Emissions Reduction Fund. Many other countries are also using direct action policies to reduce emissions.

**Positive action to meet our targets**—The Emissions Reduction Fund supports Australian businesses, communities and landholders to undertake activities which reduce or avoid greenhouse gas emissions and ensure we meet our national emissions reduction targets.

The Emissions Reduction Fund is the enduring core of Australia's emissions reduction efforts. It is supported by a range of complementary and existing policies including the Renewable Energy Target and National Energy Productivity Plan.

**The Emissions Reduction Fund** creates positive incentives for Australians to adopt smarter practices and technologies to reduce greenhouse gas emissions.

Through the Fund, Australian businesses, communities and landholders can propose new projects using emissions reduction methods covering all sectors of the economy—including activities like improving energy efficiency, capturing methane from landfills and storing carbon in forests and soils.

### The Emissions Reduction Fund is achieving results

Many businesses and landholders are already benefitting from the Emissions Reduction Fund.

In April 2015, the first Emissions Reduction Fund auction took place. More than 47 million tonnes of carbon abatement was contracted at an average price per tonne of abatement of \$13.95. Through this auction, the Government committed \$660 million to 144 projects that will reduce emissions in Australia.

The emissions reductions from these projects will be delivered over the next 10 years, which means that reductions purchased in the first auction will contribute not just to Australia's 2020 target, but to our 2030 target. This is Australia's largest ever emissions reduction commitment from business and landholders.

#### Emissions Reduction Fund first auction – Key facts and figures

<b>Emissions reductions purchased</b>	47 million tonnes of CO <sub>2</sub> -e
<b>Average price per tonne of abatement</b>	\$13.95
<b>Number of projects contracted</b>	144
<b>Total commitment by the Government</b>	\$660 million

The Emissions Reduction Fund's incentive-based approach supports Australian businesses to lower energy costs and increase productivity, while at the same time reducing Australia's emissions.

Many emissions reduction activities deliver valuable co-benefits for businesses, farmers and the community. For example, businesses that install energy-efficient lighting and heating systems can benefit from lower energy bills. Reforestation can reduce erosion, improve water quality, address salinity and provide habitat for native species. Increasing soil carbon can improve soil health, water retention and plant growth, potentially leading to increased productivity.

The Emissions Reduction Fund is designed to deliver these co-benefits and address climate change—a win for the environment and a win for Australian farmers, households and businesses.

The safeguard mechanism, which commences on 1 July 2016, will ensure that emissions reductions paid for through the Emissions Reduction Fund are not offset by significant increases in emissions elsewhere in the economy.

**How can I get involved?**—The Government has published a range of methods that help businesses, communities and landholders to plan and undertake projects.

The methods explain how to carry out a project, including how you measure your emissions reductions and the reporting requirements during the life of the project.

The Clean Energy Regulator will hold the second Emissions Reduction Fund auction on 4–5 November 2015, and will hold further auctions over the coming months and years. To get involved in these auctions, visit [www.cleanenergyregulator.gov.au](http://www.cleanenergyregulator.gov.au) and find out how to register your project.



## Types of projects supported by the Emissions Reduction Fund

### Avoided clearing of native regrowth

A cattle farming family was looking for ways to diversify their farm and earn alternative income streams from their land. The family routinely cleared their paddocks to allow room for their herds, but there were some unproductive paddocks where the pasture was not as good as others. The farmer registered an Emissions Reduction Fund project, and then allowed the native trees to re-establish on the unproductive paddocks. Throughout the project, the farmer managed the regrowth to ensure that damage from fire, weeds and feral animals was minimised.

The regrowing trees improved biodiversity and water retention on the farm, provided shelter for livestock, and the revenue earned by selling the carbon credits diversified the family's income and made their farm more resilient in difficult years.

### Improving energy efficiency in office buildings

A property company owns five buildings which it rents out as office space. The buildings were getting old, and there was potential to improve their energy efficiency. The company registered an Emissions Reduction Fund project to install low emissions lighting and appliances in the buildings' office space, new energy efficient heating systems and window glazing in one building, and a new air-conditioning and ventilation system in another.

The energy efficiency activities reduced the company's building upkeep costs, saved money on electricity and increased the buildings' energy efficiency star ratings (making it more attractive to tenants). The company made a successful bid into an Emissions Reduction Fund auction and was paid for the verified emissions reductions from the project over seven years.

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Photo: Tree planting (John Baker)