Carbon pricing in Australia

**Share of greenhouse gas emissions subject to a positive price by instrument, 2018-2021**

In total, 14.9% of GHG emissions in Australia are subject to a positive Net Effective Carbon Rate (ECR) in 2021, unchanged since 2018. Australia does not levy an explicit carbon price. Fuel excise taxes, an implicit form of carbon pricing, cover 14.9% of emissions in 2021, unchanged since 2018. Fossil fuel subsidies cover 1.3% of emissions in 2021, unchanged since 2018.

Note: Percentages are rounded to the first decimal place.

**Average effective carbon prices by instrument, real 2021 EUR, 2018-2021**

In 2021, fuel excise taxes amounted to EUR 13.47 on average, down by EUR 0.2 (1.5%) relative to 2018. Fossil fuel subsidies have remained at an average of EUR 0.1 per tonne of CO$_2$e.

Note: Prices are rounded to the nearest eurocent.

**Percentage change in the average Net ECR by reference price, 2018-2021**

The change in carbon prices in Australia was mainly affected by inflation. The average Net ECR on GHG emissions has decreased by 1.4% since 2018 when measured in real 2021 euros. In real Australian dollars (AUD), which has appreciated relative to the euro between 2018 and 2021, the average Net ECR has decreased by 1.7%. In nominal AUD, devalued by inflation, the average Net ECR has increased by 3.6% since 2018.
Distribution of effective carbon prices across GHG emissions, 2021

Less than 13.1% of GHG emissions have a Net ECR above EUR 60 per tonne of CO$_2$e, a mid-range estimate of current carbon costs.

Note: Simplified for illustration (the average price for each percentile bracket is shown).

Average effective carbon prices (left axis) and GHG emissions (right axis) by sector, 2021

Net effective carbon rates are highest in the road transport sector, which accounts for 13.3% of the country’s total GHG emissions. The Net ECR is zero or negative in the buildings, other GHG emissions, electricity, industry and agriculture & fisheries sectors. Together, these sectors account for 84.1% of GHG emissions.

Want to know more?

- Which domestic policy instruments are included as carbon pricing instruments? View the background information: [www.oecd.org/tax/tax-policy/carbon-pricing-background-notes.pdf](http://www.oecd.org/tax/tax-policy/carbon-pricing-background-notes.pdf)