

Living Streets Canberra



Creating a more dynamic and resilient economy - Interim Report

SUBMISSION FROM LIVING STREETS CANBERRA

via Productivity Commission website

15 September 2025

Comments

Living Streets Canberra welcomes this opportunity to comment briefly on the interim report from the Inquiry into *Creating a more dynamic and resilient economy*.

We make the following observations and suggestions to improve finalisation of the Inquiry and its final report so that they offer more opportunities for 'firms and individuals to invest, learn, innovate and thrive'. We would also welcome the opportunity to discuss this submission further.

Narrow focus means missed opportunities

We were surprised to see such a narrow focus of the Interim Report.

The document itself spells out that:

Government's role in producing a more dynamic and resilient economy can be achieved through taxation, spending, or regulation.

Yet the document focuses on two policy reform areas only - one in each of taxation and regulation: corporate tax reform to spur business investment, regulating to promote business dynamism.

In taking such a narrow approach, it misses a range of other opportunities for significant improvements in productivity and creating a more dynamic and resilient economy - including other areas of taxation and regulation.

Big opportunities in transport

We particularly draw the Commission's attention to the importance of looking at the opportunities that exist for changes in transport to help create a more dynamic, resilient and efficient economy. **Transport is an integral part of our economy and society, so the final report on 'Creating a more dynamic and resilient economy' must include recommendations for how reforms in transport can contribute to this goal.**

Examples of such opportunities include:

- **Reforming taxation of motor vehicles**

- Vehicles could be taxed in proportion to their safety (mass and design, such as height and angle of bonnet¹) - instead of a flat road user charge applied to some types or all vehicles.
- Road crashes, trauma and deaths cause significant, avoidable disruption and costs, including a significant burden on the health sector.² This is, amongst other things, very economically inefficient.
- Taxing vehicles in proportion to the risks they pose to road safety and the damage they cause to climate, the environment and roads would incentivise the purchase of safer, less damaging and more efficient vehicles. The ACT already taxes vehicles (via registration) according to categories (levels) of mass. The Australian Electric Vehicle Association advocates for road user charges that are both universal and based on “mass × distance” as the fairest way to price motor vehicle use.³
- Such taxation reform would have benefits such as improved efficiency, less damage to the climate and lower costs of disruption from crashes and increasingly severe weather resulting from damage to the climate.
- Furthermore, even well-designed road user charging alone could modernise how we move. It could help cut congestion, reduce polluting and climate-damaging emissions, lower infrastructure costs and improve the overall efficiency of Australia’s transport network.⁴

¹ See, for example, Insurance Institute for Highway Safety and Highway Loss Data Institute. 2023. ‘Vehicles with higher, more vertical front ends pose greater risk to pedestrians’, November 14, 2023, <https://www.iihs.org/news/detail/vehicles-with-higher-more-vertical-front-ends-pose-greater-risk-to-pedestrians>

² See, for example, the Introduction in the Australasian College of Road Safety’s submission on on Tasmania’s 20-Year Preventive Health Strategy, <https://docs.google.com/document/d/1Ee72wkbDKgEI-VFHQJEn5oxysDxoFiKyH8NIBdWHcd4/edit?tab=t.0>

³ Australian Electric Vehicle Association. n.d. ‘Road user charging factsheet’, <https://www.aeva.asn.au/road-user-charging-factsheet/>

⁴ See, for example: Climateworks Centre. 2025. ‘Designed right, road user charging can modernise how Australians move’, 18 August 2025, <https://www.climateworkscentre.org/news/designed-right-road-user-charging-can-modernise-how-australians-move/>

Jones, C. ‘In defence of a universal, mass × distance road user charge’, 8 November 2024, <https://www.aeva.asn.au/articles/in-defence-of-a-universal-mass-distance-road-user-charge/>

- The greatest benefits would, however, come from combining all these features into a universal road-user charging system: mass, bonnet design and distance.
- **Cost-Benefit Analysis reforms for transport infrastructure**
 - Requiring the same CBA for roads vs as is required for non-road transport infrastructure. This would level the playing field between the more efficient modes of transport and roads.
- **Congestion charging**
 - Traffic congestion impedes economic and social activity. Spending lots of time sitting in motor vehicles, increases health costs. Devoting more space to roads does not fix the problem and diverts funds and effort from improving transport efficiency and reducing economic and social inequality.
 - As has been shown in cities in other countries and by work in Australia,⁵ congestion charging is a smart way to improve transport and amenity in Australia's largest cities.
- **Avoid avoidable activities and costs**
 - Increase productivity by saving by not having to do or pay for things unnecessarily.
 - The *Economics of Biodiversity: The Dasgupta review*⁶ was prepared for the UK government, which has formally responded to and adopted many core principles. The Review points out that it is far more efficient and equitable to prevent damage and loss in the first place than to try to restore it later; in other words, avoiding avoidable harm and costs. This is consistent with the idea of *precaution* and *prevention* in environmental

⁵ Terrill, M. and Ha., J. 2019. 'Three charts on: why congestion charging is fairer than you might think, *The Conversation*, 14 October 2019, <https://theconversation.com/three-charts-on-why-congestion-charging-is-fairer-than-you-might-think-124894>,

⁶ HM Treasury. 2021. Final Report - The Economics of Biodiversity: The Dasgupta Review. Final Report of the Independent Review on the Economics of Biodiversity led by Professor Sir Partha Dasgupta. 2 February 2021, updated 20 August 2021, <https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review>

economics. Accordingly, prices must reflect total social costs, including environmental and health externalities.

- “Avoiding Avoidable Activities” in transport means:
 - **Eliminate harmful subsidies and activities that degrade our natural environment (including climate) and our health**, for subsidies and preferences for fossil fuels, road transport (over other modes of transport), (increasingly large) vehicles for private transport. Removing or repurposing these subsidies is an obvious first step.
 - **Stop high-impact activities before they start**, for example, allowing and encouraging the purchase and use of vehicles that, by design, increase danger to others in a collision.
 - **Internalise externalities early**: Make polluters and resource users pay the full cost of their actions, preferably *before* damage occurs, and hypothecate the prices they pay to mitigating the relevant damages. For road users, this would ensure that motor vehicle owners and users face true prices and make choices that protect natural and human capital.:
 - A petrol driver would pay for:
 - Road use and infrastructure wear
 - Cost of removing carbon from the atmosphere that results from internal combustion engines and
 - Health cost of local air, water and soil pollution.
 - An EV driver would pay for:
 - Road use and infrastructure wear.
 - Cost of removing carbon from the atmosphere that results from electricity generation from fuels (declining as the grid decarbonises)
 - Residual health cost (tyre/brake particulates only)
- “Avoiding Avoidable Costs” in transport means:
 - **Invest in positive solutions up front**: Prevention costs are usually much lower than restoration costs. For example, avoiding road trauma and further damage to our climate (with its consequences,

such as disruption to transport routes) is cheaper economically and socially than dealing with road trauma and deaths and the consequences of damage to our climate, including disrupted transport routes.

- **Use proper accounting:** Include the depreciation of natural capital in national accounts so that governments and firms can see the real (often hidden) costs of damage to local, national and local environments and the climate.
- **Design policies with thresholds in mind:** When tripping points in our natural and social worlds (such as those that affect the climate, biodiversity and social cohesion) will occur is largely unpredictable and crossing them makes recovery costly or impossible. Avoiding these thresholds avoids enormous future costs.
- **The final Productivity Commission report should recommend that Australian governments also adopt the core principles of the Dasgupta report - or explain why they are not going to do so.**

Why introduce new problems?

The tax reforms proposed in the Interim Report would create perverse incentives and potential loss of revenue.

Lowering the company tax rate without lowering to the same level the tax rate that majority of Australians pay would incentivise those individuals to incorporate so they could access the (lower) company tax rate.

Both moves would reduce the amount of revenue for the Government. This in turn would increase pressures on the Budget by reducing the amount of money to pay for things like health, defence and infrastructure.

Living Streets Canberra

Living Streets Canberra is a grassroots organisation that works for everyone to be able to enjoy public spaces and walk* easily, safely and conveniently. We work for everyone – whether young or old, fast or slow; walking, sitting, commuting, shopping, between appointments, or out on the streets for exercise, leisure or pleasure.

Our work includes advocating for:

- **all** environs where people may use active transport (that is, human-powered transport such as walking, rolling or riding) to **be – and feel – safe, accessible, comfortable and convenient** – for **everyone** to use regardless of age, ability, gender, sexual orientation, race, culture, socioeconomic status or mode of transport. (The environs include the infrastructure, vehicles (particularly motor vehicles), and other people's behaviour.)
- mobility options – including all streets, paths, crossings, and public transport stops – to comply with or exceed anti-discrimination legislation and accessibility standards.

We want to see:

1. walking as the natural choice for everyday local journeys
2. Australia as an inviting, safe and comfortable place for people to be out and about, walking* and being in public spaces full of walking-friendly communities
3. people being supported and encouraged to choose to walk*, particularly for transport.

Living Streets Canberra works with various organisations and allies locally, nationally and internationally. Locally, these include Advocacy for Inclusion, Council on the Ageing ACT, ACT Council of Social Service, Pedal Power, Public Transport Association of Canberra, SEE-Change and Conservation Council ACT Region. Nationally, these include Better Streets and Climate Action Network Australia. Internationally, these include the International Federation of Pedestrians.

- Walking is natural...so walking should be a natural right.
- Every journey involves some walking.*
- Walking* is a legitimate use of public space.
- Walking* is an essential part of sustainable mobility.
- Walking* improves the health and liveability of communities.

* We focus on people who get about without a vehicle. When we use the term 'walking', we include any form of human-powered mobility that is not a bicycle: walking; using a wheelchair or other personal mobility device, including those with motors that can travel up to 10 km/h); pushing a pram; wheeling luggage; riding a scooter, skateboard, tricycle or rollerblades.