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An economy that serves Planetary Health Equity

Planetary Health Equity Hothouse at The
Australian National University submission to
Productivity Commission 'Five Pillars of
Productivity' inquiry

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About the Planetary Health Equity Hothouse

Humanity faces three major and interconnected challenges to planetary health equity (PHE) – climate change, social inequality and premature death and disease. The PHE crisis acknowledges the need to transform the consumptogenic system of institutions, actors, policies, commercial activities, and norms that incentivises and rewards the excessive production and consumption of fossil fuel-reliant goods and services that are unhealthy and inequitably valued and distributed.

Equipped with a better understanding of the consumptogenic system, the Planetary Health Equity Hothouse (the Hothouse), housed within the School of Regulation and Governance at the Australian National University, generates new ways to address these challenges, is identifying the conditions that enable the transformation of the system towards planetary health equity goals, and working to shift governance practices toward a more effective modern paradigm.

We do this by producing evidence that promotes PHE - the equitable enjoyment of good health for all within a stable Earth system. We also do this by building the capacity of researchers, young professionals and future leaders to develop impact driven research that can be used to inform policy formulation and decision making.

Acknowledgements

The Planetary Health Equity Hothouse acknowledge and celebrate the First Australians on whose traditional lands this submission was written and pay our respect to the Elders past and present.

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A message from the Hothouse Director Professor Sharon Friel

The Planetary Health Equity Hothouse (the Hothouse) congratulates the Productivity Commission on the delivery of the 'Five Pillars of Productivity' interim reports. We welcome the opportunity to provide feedback that can further strengthen this important work.

To achieve the ambition of planetary health equity (PHE) – *the equitable enjoyment of good health in a stable Earth system* – a policy paradigm shift is required. Growth for growth's sake is not environmentally sustainable. Growth for growth's sake has led to a concentration of wealth and widening inequality. Growth for growth's sake has led to the toxic consumptogenic system polluting our planet and making people sick.

The existing environmental disruption and growing social and health inequities in Australian society call for a reimagining of the economic system. An economic system that serves people and planet is essential, which requires not recycling business as usual economic solutions in the hope of meeting the needs of the 21st century.

Our economic system must be designed and delivered in such a way that distributes national revenues fairly. We must prioritise tax, investment, labour, social and planning policies that distribute income fairly, create quality jobs, sustainable housing and green infrastructure - all of which will prevent further climate change and reduce inequality, alongside ameliorating inequities in health and social outcomes. And we must redefine our economy for intergenerational wellbeing, not the short-term interests of a wealthy few.

The Productivity Commission has an important role to play in setting the economic agenda that will have positive environmental, social and health impacts for generations to come. As one of the most influential agencies ["providing independent research and advice to Government on economic, social and environmental issues affecting the welfare of Australians"](#), it is crucial that advice to government considers, and prioritises, the PHE crisis.

In 2023, under the guidance of the Treasurer, the Hon Dr Jim Chalmers MP, Commonwealth Treasury developed the [Measuring What Matters Framework](#). The Framework '*...is Australia's first national wellbeing framework that will track our progress towards a more healthy, secure, sustainable, cohesive and prosperous Australia*'. The Framework represented an important shift towards a wellbeing economy, by shifting success metrics from economic growth towards more holistic measures that reflect the lived experience.

As per the Terms of Reference, the Productivity Commission has been tasked with the consideration of Measuring What Matters in its report, and we fully support this initiative by Treasurer Chalmers.

Drawing on our extensive expertise and evidence base, the Hothouse has prepared a submission, "An economy that serves Planetary Health Equity" in response to the specific needs of three of the five interim reports. Our aim is to provide guidance on how rethinking the foundation of economic reform, and imbedding Measuring What Matters, can improve PHE and help to achieve a safer, healthier and more equitable future for current and future generations.

We look forward to working with the Productivity Commission, and the Commonwealth Government, on this important issue.

Hothouse Recommendations

Creating a more dynamic and resilient economy

1. Commit to a wellbeing economy
2. Foster wellbeing approaches in the public service
3. Focus on wealth to raise revenue
4. Develop recommendations that foster climate-friendly investment
5. Recommend guard-rails for shifting regulatory burdens

Investing in cheaper, cleaner energy and the net zero transformation

1. Strengthen net-zero targets
2. Recommend the prioritisation of environment above commercial interests
3. Foster government accountability on delivery of Climate Change Authority recommendations
4. Develop broader recommendations for mitigation of climate change

Delivering quality care more efficiently

1. Develop a recommendation to embed prevention into a wellbeing economy approach
2. Expand recommendations to include equity and sustainability
3. Ensure diversity on proposed independent advisory board
4. Broaden preventive approaches to include regulation and taxation of unhealthy commodities
5. Reform budgetary mechanisms to account for preventive health savings

Creating a more dynamic and resilient economy

The Planetary Health Equity Hothouse welcomes the opportunity to provide feedback to the Productivity Commission's *'Creating a more dynamic and resilient economy'* interim report.

Excessive production and consumption, supported by a growth mindset, is driving planetary health inequity. Growth for growth's sake is based on the outdated belief that economic churn has a net benefit for society. This is not an a 'fit-for-purpose' economic philosophy for the 21st century. The evidence shows us that unfettered economic growth is harming the natural environment, widening inequality and causing poor physical and mental health.

Australian governments can play an important role in addressing this challenge by advancing a wellbeing economy, whereby a productive society is a positive consequence of a functional, ethical and equitable economic system, rather than an end in and of itself. This kind of economic system thrives on sustainable production and human capital.

As such, the Productivity Commission's final recommendations on creating a more dynamic and resilient economy are crucial to building license for the Commonwealth Government to build on the principles of Measuring What Matters to create an economic system that serves people, and planet, and support State and Territory governments in this pursuit.

Hothouse Recommendations:

- 1. Commit to a wellbeing economy.** We recommend the Productivity Commission engage with Australian expertise on the merits of a wellbeing economy that can be underpinned by the Governments own Measuring What Matters Statement and Framework. Given the Terms of Reference outlined by Treasurer Chalmers, the Productivity Commission has sufficient authority to give meaningful consideration to a new approach to economic development and productivity.
- 2. Foster wellbeing approaches in the public service.** We do not support enforcement of a growth mindset in the Australian Public Service. We recommend the Productivity Commission amend this recommendation to compel public servants to perform against targets that prioritise planetary health equity outcomes and a growth for purpose mindset via the Measuring What Matters Framework.
- 3. Focus on wealth to raise revenue.** We recommend the Productivity Commission further develop recommendations with intergenerational and socio-economic equity impact. Addressing intergenerational inequity means acting on the mechanisms that push economic resources upward to the already wealthy. We need an inheritance tax, a meaningful wealth tax, and reduce negative gearing and capital gains tax discounts that disproportionately benefit the already wealthy.
- 4. Develop recommendations that foster climate-friendly investment.** We recommend the Productivity Commission reassess investment recommendations to elevate climate-friendly projects. Investment in green energy infrastructure; secure, healthy and sustainable food systems; and, climate resilient housing are worthy of topline consideration. Additionally, investing in the needs of future generations, industries of the future and expansion of climate adaptation measures, particularly with reference to the recently released National Adaptation Plan, in the short term is vital for a productive society.
- 5. Recommend guard-rails for shifting regulatory burdens.** We recommend the Productivity Commission propose that guard-rails are developed when assessing changes to regulations. These guard-rails must ensure that environmental protection, working conditions, and health are not undermined, and with the understanding the planetary health equity outcomes are the priority, not ease for commercial businesses and trade associations.

Investing in cheaper, cleaner energy and the net zero transformation

The Planetary Health Equity Hothouse welcomes the opportunity to provide feedback to the Productivity Commission's *'Investing in cheaper, cleaner energy and the net zero transformation'* interim report.

The impacts of climate change on planetary health equity cannot be understated. According to the [Intergovernmental Panel on Climate Change](#):

"Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming, with global surface temperature reaching 1.1°C above 1850-1900 in 2011-2020. Global greenhouse gas emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use, land use and land-use change, lifestyles and patterns of consumption and production across regions, between and within countries, and among individuals."

Thus, global warming and resulting climate change, is caused by the consumptogenic system. As such, in every policy discussion on economic reform, the realities of climate change must feature front and centre and must seek to address this challenge.

The Productivity Commission has a responsibility to address the impacts of climate change in all its recommendations to the Commonwealth Government. We are pleased to see the interim paper navigating in earnest the seriousness of the challenge for Australia, and the world. However, we remain concerned that by focusing on the commodification of net zero, particularly using consumptogenic principles as opposed to addressing the underlying economic drivers of the climate crisis, proposals in the report will do little to safeguard the wellbeing of current and future generations. The recently released National Climate Risk Assessment underscores this urgency, and its findings must underpin final recommendations in the interim report.

The Productivity Commission's final recommendations investing in cheaper, cleaner energy and the net zero transformation are crucial to building license for the Commonwealth Government to build on the principles of Measuring What Matters and creating an economic system that serves people, and planet.

Hothouse Recommendations:

1. Strengthen net-zero targets. We support recommendations 1.1 – 1.4, however these should be strengthened by setting more ambitious targets and referring to Commonwealth Government support for green technologies and expansion of green energy projects.

This also applies to recommendation 2.4, where it should be clarified that government and industry partnerships reflect actual energy transition needs, and not for the benefit of growth.

2. Recommend the prioritisation of environment above commercial interests. We support recommendation 2.1, with the caveat that the recommendation should include the elevation of environmental and social needs above commercial interests and that this is a stipulation of approvals processes.

We also recommend the offset processes undergo rigorous assessment to avoid greenwashing. Co-design principles – not only engagement – with communities must also be a stipulation of approvals processes.

3. Foster government accountability on delivery of Climate Change Authority recommendations. We support recommendation 3.4 and think it could be further strengthened through the addition

of a reporting mechanism that requires Commonwealth Government to report on how they are delivering on the recommendations from the Climate Change Authority.

4. Develop broader recommendations for mitigation of climate change. The recommendations do not adequately address the urgency of changes required. As a result, we recommend further recommendations are developed that reflect a strong mitigation agenda, including:

- An ambitious Nationally Determined Contribution commensurate with climate risks and planetary health equity ambitions
- Recommendations for sector decarbonisation planning
- Recommendations that reflect the connection between productivity, health, equity and climate change
- Recommendations that reflect best evidence outlined in the National Climate Risk Assessment.

Delivering quality care more efficiently

The Planetary Health Equity Hothouse welcomes the opportunity to provide feedback to the Productivity Commission's *'Delivering quality care more efficiently'* interim report.

Despite being one of the wealthiest nations globally, access to health care, aged care, education, housing and employment services in Australia are deeply dependent on who you are and where you live. This access, or lack of, has significant impacts on wellbeing, and can further entrench existing inequities intergenerationally.

As one of the most significant expenditures in the Commonwealth budget, the delivery of health and quality care, must be run with consideration of fiscal sustainability. However, efficiency should not outweigh efficacy or come at the expense of planetary health equity.

As such, it is our overarching recommendation to decouple the inference of efficiency as being a measure of successful delivery of care. As highlighted elsewhere in our submission, by proposing recommendations that prioritise consumptogenic norms within essential services, the Productivity Commission overlook the longer-term planetary health equity needs of all people living in Australia and miss the opportunity to prioritise a wellbeing approach to economic systems. By adjusting to a systems approach, the Productivity Commission is better able to make impactful recommendations to government.

We are pleased to see the reports' focus on preventive health and care. As highlighted in the report, prevention is the most cost-effective intervention Australian governments can make for budget sustainability. Extensive evidence supports this approach, showing that prevention boosts productivity as well as planetary health equity outcomes, as well as being ethical.

Hothouse Recommendations:

1. Develop a recommendation to embed prevention into a wellbeing economy approach. To truly impact health and wellbeing at a population level, a systems change is required. We recommend the Productivity Commission support the inclusion of prevention activities into the Measuring What Matters Framework, and that prevention is a cornerstone of upcoming economic reforms. These should include prevention in the context of climate mitigation and adaptation activities.

2. Expand recommendations to include equity and sustainability. We recommend the Productivity Commission refine recommendations to include equity and sustainability in its focus on efficiency. Efficiency without due consideration to equity and sustainability needs will not deliver desired outcomes for planetary health equity.

3. Ensure diversity on proposed independent advisory board. We support the establishment of an advisory board, whose advice is independent but imbedded into the machinations of the governance and deployment of the National Prevention Investment Framework. Diversity should include expertise beyond economists.

4. Broaden preventive approaches to include regulation and taxation of unhealthy commodities. While reducing regulatory burdens in certain sectors of the economy is an important consideration for economic reform, improved regulation across sectors is important for health and environmental outcomes. As such, we recommend the Productivity Commission consider recommendations that include harmful industry advertising bans (for example, fossil fuels and junk food). We also recommend the Productivity Commission explore the taxation of industries in their suite of revenue raising proposals (for example, tobacco, gambling, junk food).

5. Reform budgetary mechanisms to account for preventive health savings. We recommend an exploration on budgetary mechanisms that can better account for and incentivise preventive health savings be conducted. This should also [align with principles of the Measuring What Matters Framework](#).