TO: **Productivity Commission**
RE: **'Five Pillars of Productivity' Inquiry 2025 - Submission**
DA: **Monday 15th September 2025**
FM: **Larissa Taylor**
Director, Savoir Consulting: ESG, Sustainable Finance, Food & Agri
[redacted]

Dear Productivity Commissioners,

Thank you for the opportunity to provide a response to the national public consultation on the 'Five Pillars of Productivity' Inquiry 2025:

- Creating a more dynamic and resilient economy
- Investing in cheaper, cleaner energy and the net zero transformation
- Harnessing data and digital technology
- Building a skilled and adaptable workforce
- Delivering quality care more efficiently

The following feedback is given with respect for the valued independent contribution the Productivity Commission makes to Australian public policy:

1. Marine and terrestrial natural capital is the bedrock of the Australian economy.

   Its extent and condition underpin all other elements of national productivity and intergenerational wellbeing - social capital, human capital, produced/financial capital.
   Treasury Measuring What Matters

   The interim Five Pillars reports appear not to be fully aligned with the latest climate change and biodiversity science, multilateral agreements and national policies to which Australia is committed for climate and nature, or environmental ecosystem accounting:

   1.1 Australia's commitments to the UNFCCC 2015 Paris Agreement on Climate Change
   Nationally Determined Contributions NDCs 2030 and 2035 (forthcoming)
   International climate action - DCCEEW

   1.2 Australia's commitments to the UNCBD 2022 Kunming-Montreal Global Biodiversity Framework
   National Biodiversity Strategic Action Plan NBSAP 2024-2030 (forthcoming)
   Nature Positive - DCCEEW
   impending Australia's Strategy for Nature 2024–2030 - DCCEEW

   1.3 ABS National Environmental Ecosystem Accounts February 2025

1.4 This submission requests the Productivity Commission support the allocation of substantial new resources to:

- the Australian Climate Services for services in general, and in particular for marine heatwaves, riverine flooding, tropical cyclones, storms, droughts

- teach ATAR level, undergraduate and postgraduate environmental economics, and research environmental economics, environmental ecosystem accounting and sustainable finance (see below)

2. The interim Five Pillars reports do not sufficiently reference the acute and chronic physical and transition risks from climate change and biodiversity loss which are locked in over Australia.

Australia is in a poor and declining environmental condition, with severe, cascading and compounding impacts from climate change.

2.1 This submission requests the Productivity Commission to re-align the 5 x interim Five Pillars reports to account for the:

- full National Climate Risk Assessment | Australian Climate Service released on the last day of this public inquiry 15 September 2025

- full National Adaptation Plan - DCCEEW released on the last day of this public inquiry 15 September 2025

- State of the Environment Report 2021

3. The interim Five Pillars reports do not sufficiently reference the financial stability and sustainable finance reforms of the Treasury Sustainable Finance Roadmap June 2024 | Treasury.gov.au, this diagram sourced Treasury Climate-related transition planning guidance - Consult hub September 2025:

Linkages with Australia's sustainable finance reforms

The Government is implementing policy and regulatory initiatives under the June 2024 Sustainable Finance Roadmap (see Table 1) to build the market structures and frameworks to help organisations, investors and the broader community prepare for and leverage the benefits of the net zero transformation. This Roadmap was informed by stakeholder feedback on the Australian Government's 2023 Sustainable Finance Strategy.

Table 1 Sustainable Finance Roadmap priorities

Pillar 1: Improve transparency on climate and sustainability	Pillar 2: Financial system capabilities	Pillar 3: Australian Government leadership and engagement
• Priority 1: Implementing Climate-related financial disclosures	• Priority 5: Enhancing market supervision and enforcement	• Priority 9: Issuing Australian sovereign green bonds
• Priority 2: Developing the Australian Sustainable Finance Taxonomy	• Priority 6: Identifying and responding to systemic financial risks	• Priority 10: Stepping up Australia's international engagement
• Priority 3: Supporting credible net zero transition planning	• Priority 7: Addressing data and analytical challenges	
• Priority 4: Developing sustainable investment product labels	• Priority 8: Ensuring fit for purpose regulatory frameworks	

This submission references the environment, Do No Significant Harm DNSH and Minimum SocialStandards MSS for the climate mitigation investment criteria in the voluntary Australian Sustainable Finance Taxonomy v1.0 June 2025 — ASFI. The environmental objectives are:

- climate mitigation
- climate adaptation and resilience
- sustainable use and protection of water
- biodiversity and ecosystems
- pollution control
- circular economy

To remain resilient, adaptive and productive as a society, Australia cannot afford to have any new federal policy initiatives which are not fully aligned to the overarching climate, nature and sustainable finance objectives detailed above.

These issues are not only relevant to the 'Investing in Clean Energy, and the Net Zero Transformation' Five Pillar Interim Report. They are whole-of-society issues for the transition to net zero and nature positive by 2050, and relevant to all 5 reports. Currently the bioeconomy, the biotic, living part of the economy, especially for the marine domain, is often left out of policy making.

This submission requests the Productivity Commission's consideration to amend the interim Five Pillars reports to reflect these issues.

Yours sincerely,

Larissa Taylor
Director, Savoir Consulting: ESG, Sustainable Finance, Food and Agri
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