

# QUEENSLAND PRELIMINARY PRODUCTIVITY INSIGHTS 2025



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## 1. Introduction

This Insights report by Fairbane is part of a truly visionary and unwavering commitment to policy advice and contributions dating back almost 20 years.

At Fairbane, we see an opportunity for Queensland to be a leader in Australia and globally in key industries:

- Artificial Intelligence and Machine Learning Applications for Business;
- Space, Cyber Security and Telecommunications;
- Software as a Service (Saas) Applications; and
- Climate Change Monitoring and Remediation Technology.

These industries are key to improving productivity in any economy, and have the potential to be complimentary to and integrated with Queensland's traditional industries of:

- Energy, Water and Resources;
- Agriculture and Horticulture; and
- Tourism and Recreation.

Through simple but effective recommendations, Queensland can open up its economy to overseas markets and become a provider of advanced tech and manufacturing in niche areas that leverage its uniquely resilient and vibrant industries. Some of the recommendations include:

- An active partnership and co-operation between Advance Queensland, Universities and Chambers of Commerce to institute online events and connectivity.
- A specific focus on fostering small business, particularly sole proprietors and sole director companies with a view to passive income, digital products that can be sold to overseas markets.
- Implementation of AI Applications with a focus on data processing, time management, people management tools, into larger organisations such as Government.
- Joint investment by Government, through PPP into telecommunications, energy and water resource infrastructure projects, providing both stability and efficiency in operations, subsequently driving costs down to society.

The year 2025 presents challenges and threats, both social-cultural and geo-political, but also offers an exciting opportunity for a new Queensland Government and a new Productivity Commission to bring a dynamic and diverse evolution of the great economic history and potential of the state of Queensland.

## 2. About Fairbane

Founded by Francois “Frank” Brun in 2008, The Fairbane Group (“Fairbane”) is a consulting and private investment group that provides advice and opinions on policy issues to various industry groups and interested stakeholders. Fairbane is the successor entity to a series of consulting and investment groups that date back to the early 2000s. We are experienced in financial markets, legal services, and management consulting. Our operations span internationally and include Australia, the United States of America, the United Kingdom, Canada, Dubai, as well as parts of South-East Asia and Europe.

Fairbane is fortunate enough to have had members work with organisations such as: Deloitte, Ernst & Young, the Australian Government in the Departments of Defence, Trade, Health and Aged Care, the United Kingdom Departments of Defence, and National Health Service, various medium to large companies in industries ranging from Finance, Aerospace, Biotechnology, Communications, Computing, Construction and Resources.

Fairbane is a truly future-oriented organisation with a unique vision for the world. Fairbane’s vision is to push the boundaries and reach out to the horizons of scientific and technological boundaries and do so by ensuring there is the freedom and flexibility available to individual businesses and their industries as a whole to compete and prosper.

Fairbane has a long history of thinktank and policy discussion particularly in areas of industry competitiveness and productivity, see here [www.fairbane.com/papers](http://www.fairbane.com/papers).

## 3. Background

In reference to the previous Queensland Productivity Commission which produced its final annual report in 2021, at page 38, stated the objectives of the QPC were:<sup>1</sup>

The Commission's main functions included:

- Public inquiries into matters relating to productivity, economic development and industry in Queensland
- Research and advice on matters beyond the formal inquiry function
- Advice and guidance to government departments on the quality of regulatory proposals
- Investigation of competitive neutrality complaints about state and local government business activities.

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<sup>1</sup> [https://s3.treasury.qld.gov.au/files/QPC-Annual-report-2020-21\\_FOR-PUBLICATION-9.pdf](https://s3.treasury.qld.gov.au/files/QPC-Annual-report-2020-21_FOR-PUBLICATION-9.pdf).

The current website of the successor to the QPC from 2021, was the Office of Productivity and Red Tape Reduction.<sup>2</sup> Its role was to support the government's economic strategy through evidence-based policy research, analysis and regulatory advice.

The Office of Best Practice Regulation (OBPR) provides regulatory advice, analytical support and training on the development of regulation, application of regulatory best practice principles and regulatory impact analysis under the Queensland Government Better Regulation Policy.

The OBPR also has an oversight role in supporting implementation of the Queensland Government's Regulator Performance Framework.

For completeness, a Media release on the Queensland Government website dated 12 March 2025 announced the reformation of the Queensland Productivity Commission.<sup>3</sup>

#### 4. Findings

This Report is based on considerable data collected from consulting work and research on industry over the course of the last few years dating back to post-2020, but also with particular focus on the last 12 months, being 2024.

##### Energy

On page 130 of the former Queensland Productivity Commission Inquiry into Electricity Pricing in 2020, the Report stated that:

*The Queensland Government should ensure the existing regulatory frameworks are optimised for the future (at point 2):*

*“by removing State based regulatory impediments to implementing new technologies or non-network solutions.”<sup>4</sup>*

In response, a series of measures relating to inflation from 2021 and 2022, where electricity prices increased, subsidies and support resulted in a reduction of 39% in 2023-2024. However, this still masks the fact that prices remain high and are reflected in consumer prices, wage costs and home prices.<sup>5</sup>

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<sup>2</sup> <https://www.treasury.qld.gov.au/queenslands-economy/office-of-productivity-and-red-tape-reduction/>.

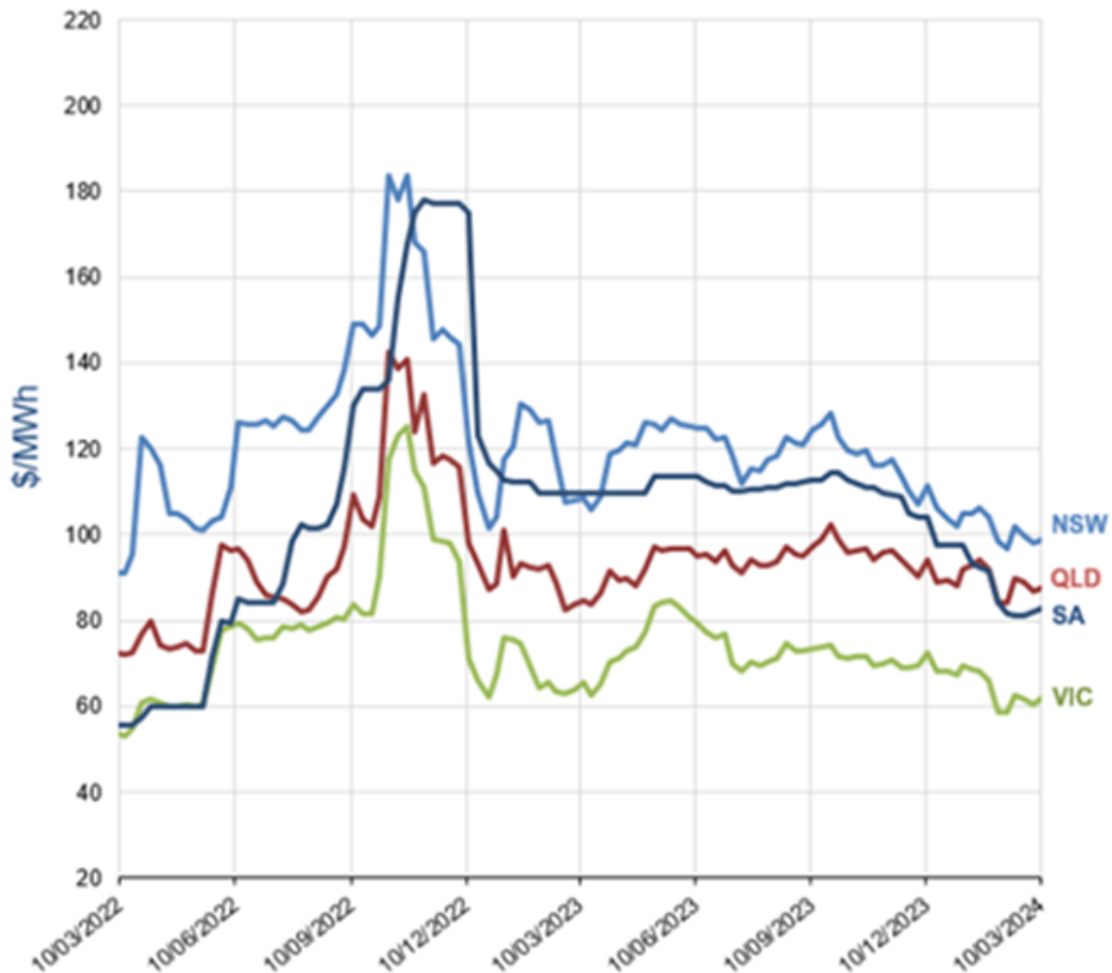
<sup>3</sup> <https://www.treasury.qld.gov.au/queenslands-economy/office-of-productivity-and-red-tape-reduction/>.

<sup>4</sup> <https://s3.treasury.qld.gov.au/files/Electricity-Final-Report.pdf>, page 130.

<sup>5</sup> [https://www.qao.qld.gov.au/reports-resources/reports-parliament/energy-2024#:~:text=In%202023%E2%80%9324%20average%20wholesale,hour%20\(39%20per%20cent\).](https://www.qao.qld.gov.au/reports-resources/reports-parliament/energy-2024#:~:text=In%202023%E2%80%9324%20average%20wholesale,hour%20(39%20per%20cent).)

The reduction in prices mask the actual cost of living increases that are reflected in a variety of factors, not just electricity prices, which remain high relative in terms of a 10 year average.

This is evidenced from the below chart:



Source: Australian Energy Council<sup>6</sup>

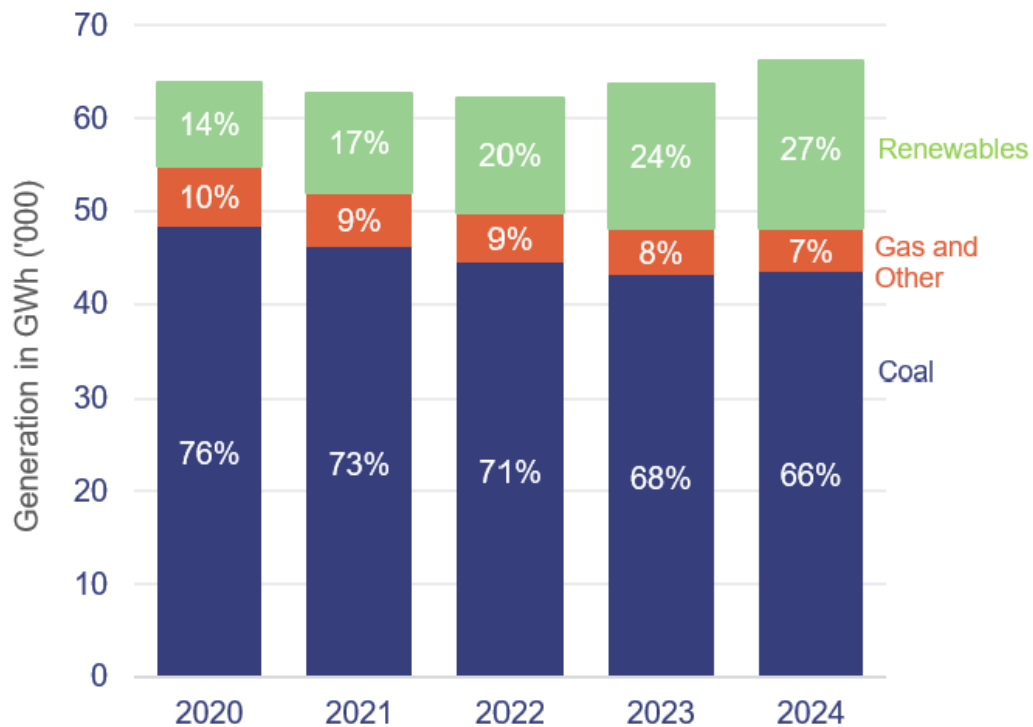
Whilst the evolving energy industry in Queensland shows promise, further diversification may be needed, and further base load power is also necessary.

The increase in renewables as a composition of the Queensland energy mix is promising in terms of diversification and new technology, but this insight also

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<sup>6</sup> <https://www.energycouncil.com.au/analysis/spot-market-prices-and-revenues-ten-years-of-historical-spot-prices/>.

suggests that further investigation of other sources of power such as nuclear, and research into Fusion and other sources of power should be undertaken.



Source: Queensland Audit Office Report 2024

The above findings demonstrate that there are Cost of living issues arising from various structural inefficiencies in the Australian economy.

#### Cost of Living

The Queensland Council of Social Service (QCOSS) produced a report in 2024 on the Cost of Living Crisis in Queensland.

Table 2: Expenditure per week, single adult household

|                                          | Expenditure per week | % of total weekly expenditure |
|------------------------------------------|----------------------|-------------------------------|
| Rent (including water)                   | \$188.00             | 35.5%                         |
| Food and drink                           | \$84.92              | 16.0%                         |
| Electricity (including any concessions)  | \$6.93               | 1.3%                          |
| Public transport (including concessions) | \$3.00               | 0.6%                          |
| Health                                   | \$12.62              | 2.4%                          |
| Personal care                            | \$20.76              | 3.9%                          |
| Clothing and footwear                    | \$14.18              | 2.7%                          |
| Education                                | \$0.00               | 0.0%                          |
| Household goods and services             | \$93.63              | 17.7%                         |
| Recreation/entertainment                 | \$40.80              | 7.7%                          |
| Debt servicing                           | \$64.83              | 12.2%                         |
| Total expenditure                        | \$529.66             | 100.0%                        |

Source: Queensland Council of Social Service (QCOSS)

Further examination of these numbers are required, but on initial analysis, it is indicative of high accommodation prices, flowing from either a lack of supply, or commensurate high or increasing demand.

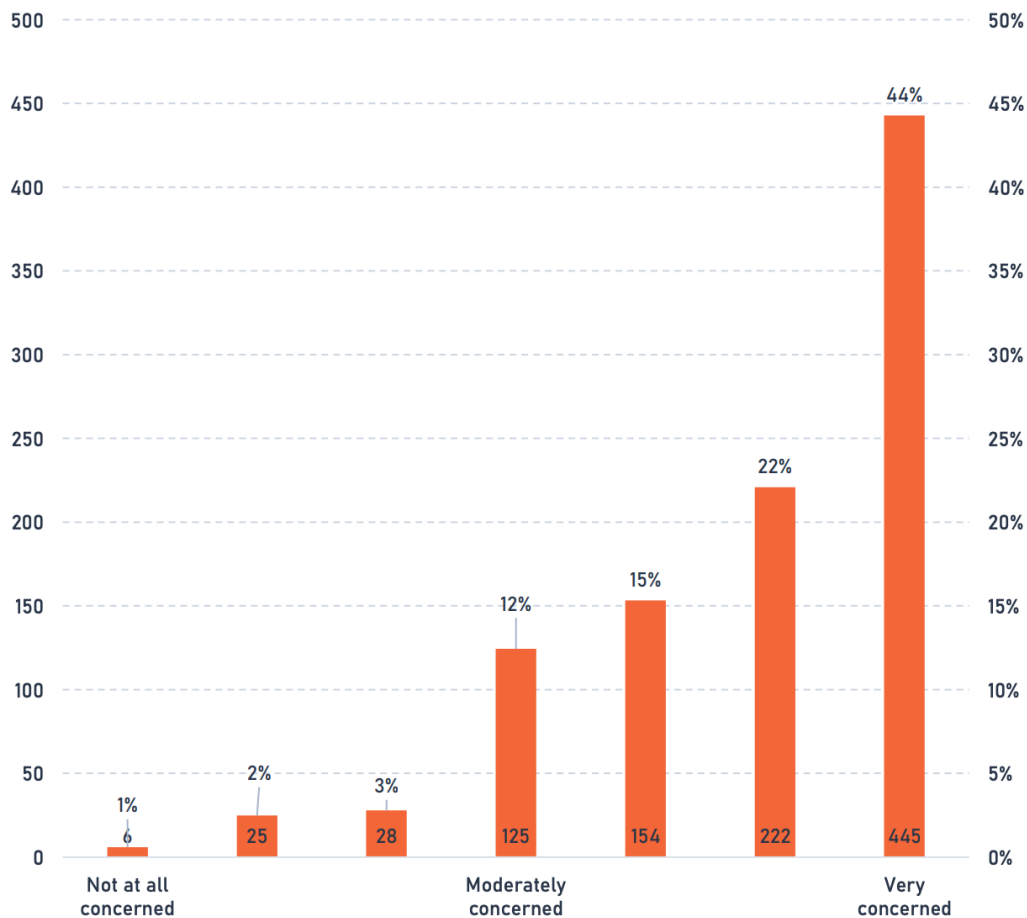
Similarly food costs are high as a proportion of expenses as are household services and debt servicing, both of which suggest an increasing struggle from individuals to cover expenses.<sup>7</sup>

More data assists in terms of sentiment, when Queenslanders were asked whether they worry about the cost of living.

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<sup>7</sup> [https://www.qcoss.org.au/wp-content/uploads/2024/09/Report\\_Living-Affordability-in-Queensland-2024\\_web.pdf](https://www.qcoss.org.au/wp-content/uploads/2024/09/Report_Living-Affordability-in-Queensland-2024_web.pdf) page 13.

Figure 1: How concerned are you about the cost of living?



Source: Queensland Council of Social Service (QCOSS)

Again, the sentiment is indicative of not only the fact that people are concerned about the cost of living, i.e. only 1% said “Not at all” but that over 80% were in the top 3 sections of either being almost or actually “Very concerned” about the cost of living. Irrespective of an statistical bias or inaccuracy, and that is not being suggested, the sentiment of any portion of Queensland society or economy, indicates that the cost of living increases are noticeable, they are also by logical conclusion, extrapolated over a time period taking into account the spike in inflation in 2020-2021 from which prices have maintained their position.

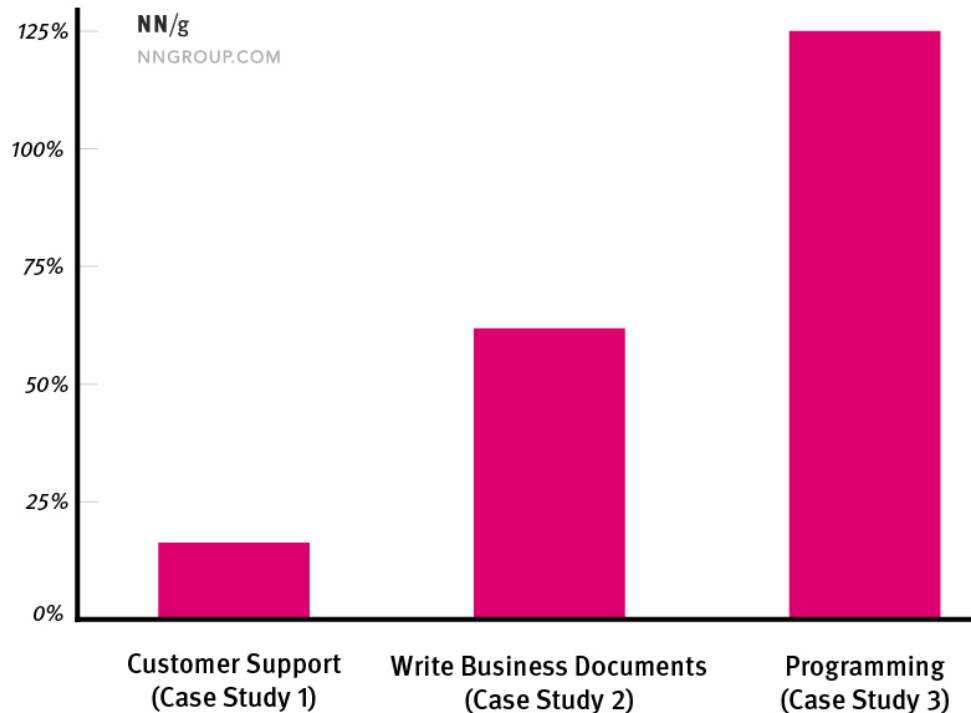
This suggests that a considerable increase in productivity, a reduction in money supply, and an increase in overall economic output is necessary to reduce prices. A deflationary cycle would be beneficial to the Australian economy and to Queensland, one that would recalibrate housing and land prices, one that would reduce food prices and general expenses, but in doing so increase the relative purchasing power of consumers through an increase in earning capacity and subsequent revenue.

### Artificial Intelligence



The power of A.I. is in many ways still being discovered by many organisations. A Nieman Nielsen Report in 2023 already foreshadowed this:

## Productivity Increases with AI



Specifically the report deals with productivity gains through data processing and base level tasks:

*“Generative **AI takes over some heavy lifting** in manipulating large amounts of data. That is, **it reduces working-memory load**. This helps:*

- When the task is more complex and puts higher demands on people’s working memories*
- When humans have smaller working-memory capacity and cannot hold as many chunks of information in their brain at any given time*

*(Note that working-memory capacity is a well-known individual difference, and it does vary with things like age or education. Also, compared to experts in a domain, low-skill workers or novices will tend to use more of their working memory to do a task — because the task is not yet completely familiar, and they have to remember how to do it.)”<sup>8</sup>*

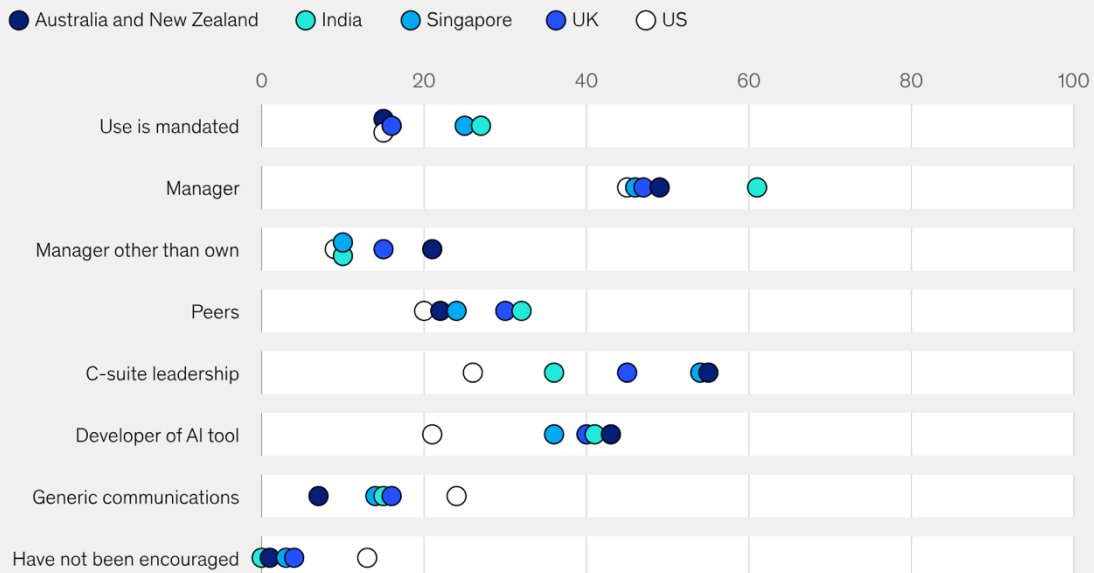
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<sup>8</sup> <https://www.nngroup.com/articles/ai-tools-productivity-gains/#:~:text=Productivity%20measures%20how%20many%20tasks,Productivity%20Lift%20a%20Big%20Deal?>

More recently a 2025 Report by McKinsey has observed the increased use and formalisation of A.I. tools in the workplace:<sup>9</sup>

### International employees get more encouragement to use gen AI tools.

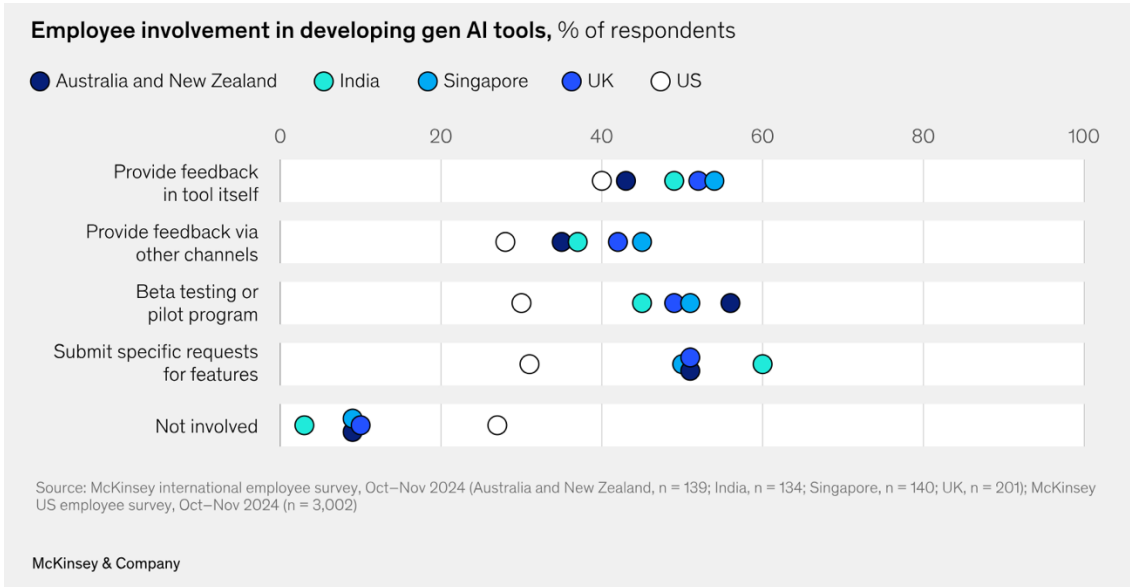
**Sources encouraging employees' use of gen AI tools at work, % of respondents reporting practice in place at their organization**



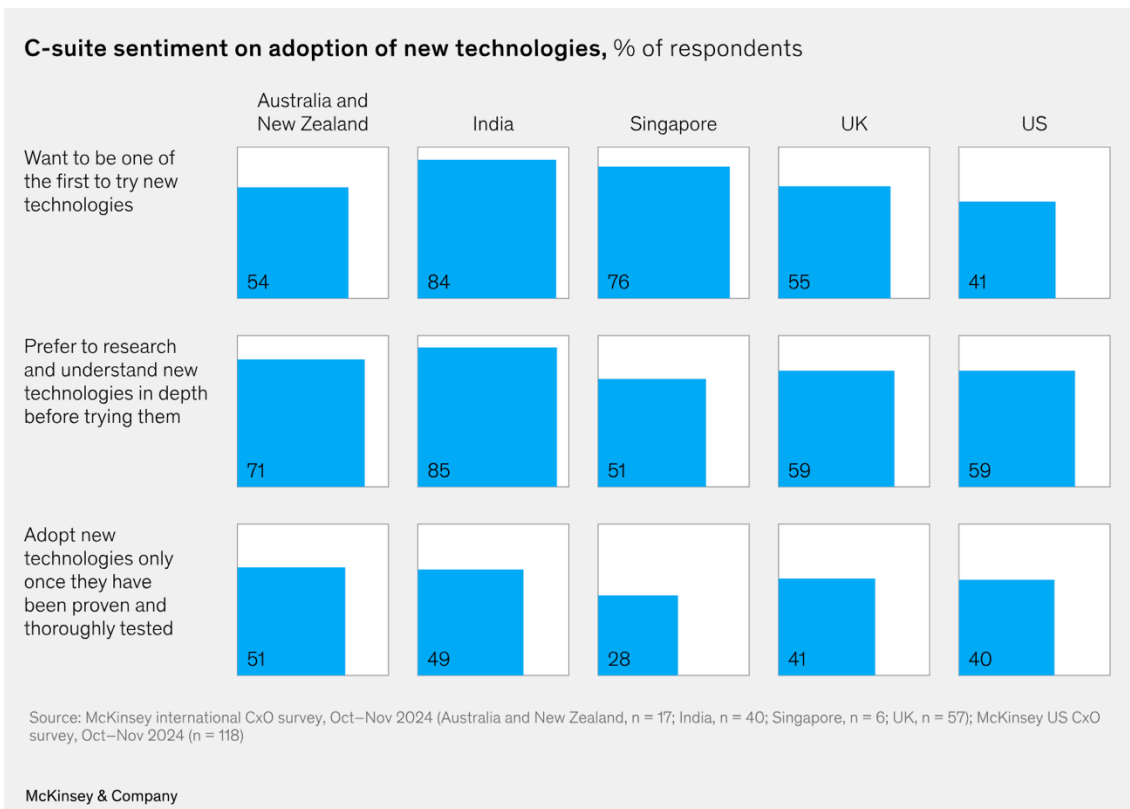
Of particular interest is that Australia is on the upper end of C-suite leadership adopting and using Generative AI and not many have not been encouraged. There is promising data that which can still be improved on in the development of AI tools where Australia is near the forefront.

This goes further with active involvement in adopting A.I. and providing feedback and improvements to existing systems.

<sup>9</sup> <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/superagency-in-the-workplace-empowering-people-to-unlock-ais-full-potential-at-work>.



The Australian notion of a “fair go” has manifested itself in being active in the evolution and application of A.I. something that is promising but must be acted upon in the Australian Police approach.



McKinsey’s AI in the Workplace report is helpful in demonstrating that A.I. is not only a new technology that will improve lives, it has the potential to fundamentally

change the way in which we view our species. This is relevantly tied to the ongoing issues of mental health in Australia.

### Mental Health

The Queensland Mental Health Commission (QMHC)<sup>10</sup> suggested that:

- *funded holistic evaluation is a standard part of policy and program implementation*
- *continuing to invest in and improve the collection of time-series information on the Australian population's mental health and wellbeing and the impact of mental health problems, illness and problematic alcohol and other drug use and suicide*
- *seeking to resolve gaps and data issues within existing reporting or performance frameworks.*

The QMHC noted that there was a “paucity” of data in regards to Mental Health and productivity. This suggests that the data is not there to support the causal connections and that further research needs to be performed to ascertain the connection.

Certainly some existing data such as the numbers of sick days as per Direct Health Solutions survey in 2023:<sup>11</sup>



Overall employee absenteeism increased by just over 2.5 days (23%) from 2019, with the average amount of sick leave taken in 2022 being 14 days. 58% of companies surveyed believed their absenteeism increased during 2022.



Organisations that believe absence is underreported rose from 36% in 2019 (pre-COVID) to 55% in 2023 (post-COVID). There has also been an increase in average absence days lost per employee per annum of 2.6 days since the pre-COVID 2019 survey.

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<sup>10</sup>

[https://www.qmhc.qld.gov.au/sites/default/files/initial\\_submission\\_to\\_the\\_productivity\\_commission\\_inquiry\\_into\\_mental\\_health\\_april\\_2019.pdf](https://www.qmhc.qld.gov.au/sites/default/files/initial_submission_to_the_productivity_commission_inquiry_into_mental_health_april_2019.pdf).

<sup>11</sup> [www.dhs.net.au](http://www.dhs.net.au) website report.

There is a suggestion in the DHS findings that there has been a permanent increase since Covid-19, but that view ought to be taken into context with the trends dating back to the 2018-2019 submission by the Mental Health Commission, as well as other factors such as:

- The increasing prevalence and impact of social media in Australian society such as Tiktok;
- The changes in business norms as a result of Artificial Intelligence;
- The impact of popular culture and the rise of social media influencers impacting the expectations of people, especially young people on career pathways;
- The changing geo-political landscape following the US elections in 2024 impacting the expectation and perception of the future direction of the world.

## 5. Recommendations

There are several recommendations that can be made from this current report, although preliminary in its nature and scope, offers opportunities for consideration of pragmatic actions that can be taken to improve productivity in Queensland.

- Recommendation 1: Adoption of A.I. across all industries through an active partnership and co-operation between Advance Queensland, Universities and Chambers of Commerce to institute online events and communicate the tools and benefits of A.I. for data processing, workflow management and other operational aspects that A.I. can assist businesses with.
- Recommendation 2: Provide a specific focus on fostering small business, particularly sole proprietors and sole director companies with a view to passive income, digital products that can be sold to overseas markets. This can be undertaken in cooperation with the Recommendation 1 above.
- Recommendation 3: Implementation of AI Applications with a focus on data processing, time management, people management tools, into larger organisations such as Government.
- Recommendation 4: Joint investment by Government, through PPP into telecommunications, energy and water resource infrastructure projects, providing both stability and efficiency in operations, subsequently driving costs down to society.

Additionally a further recommendation would be for key inquiries to be held, we recommend that the following be undertaken:

- Cost of Living Inquiry;
- Housing Affordability Inquiry;
- Mental Health and Wellness Inquiry.

All three of these Inquiries should be initiated and run as concurrently as possible, as they have related issues to each other and there would be benefit to each



Inquiry and also benefit to other states and the Australian Federal Government from any outcomes of these inquiries.

We welcome the opportunity to assist indirectly or conduct direct-action in relation to these recommendations. We can be best contacted by email at [office@fairbane.com.au](mailto:office@fairbane.com.au).

Yours Faithfully,  
Fairbane Group

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