

ACT Economic Notes

2025

ACT economy performs strongly over 2023/24

The ACT's gross state product (GDP) grew by 4 per cent over 2023/24 the second highest after the Northern Territory, which grew by 4.6 per cent. The ACT was also spared a per capita recession with its GDP per capita growing by 1.9 per cent. An outcome only shared with Tasmania and the Northern Territory.

Table 1: Percentage changes in gross state product and gross state product per capita (constant prices) 2024/23 States and Territories

State/Territory	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aus
Gross State Product	1.2	1.5	2.1	0.5	1.2	1.4	4.0	4.6	1.4
Gross State Product per capita	-1.0	-1.2	-0.5	-2.7	-0.4	1.0	1.9	3.6	-1.0

Source: ABS State Accounts 5020.0

The vigorous GDP growth was not so evident in the labour market where total male full time employment fell by 1.4 per cent and numbers unemployed grew by 2,000 or 24.4 per cent. However, female full-time employment grew by 5.1 per cent and total part-time employment by 5.3 per cent.

Table 1: Labour force numbers - ACT(000s)

	2022/23	2023/24	Change	Percentage change
Male full-time	110.6	109.0	-1.6	-1.4
Female full-time	87.6	92.1	4.5	5.1
Total full-time	198.2	201.2	3.0	1.5
Total Part-time	62.8	66.1	3.3	5.3
Total Numbers Employed	261.0	267.3	6.3	2.4
Unemployed	8.2	10.2	2.0	24.4
Labour force	269.1	277.5	8.4	3.1
Not in labour force	102.7	105.0	2.3	2.2
Civilian population 15+	371.8	382.5	10.7	2.9

Source: ABS Labour force Survey 6202.0

Civilian population 15+ grew by 2.9 per cent, a very strong number, that reinforces the belief that the ACT's high population increase is placing strains

on the capacity of local infrastructure, particularly health services. Over the year to June 2024. Total population (not those 15+) in Australia grew by 2.1 per cent.

ACT has experienced strong GDP growth over last ten years

Over the last ten years the ACT GDP has increased by an average of 3.92 per cent. The growth has been largely driven by public expenditure as government consumption and public investment have grown faster than their private counterparts. Public investment grew by a substantial 12.81 per cent in the year ending June 2024 whereas private investment actually declined slightly by 0.44 per cent.

The ACT has a balance of trade deficit as exports are much less than imports in both the year ending June in 2014, 2023 and 2024. However exports are growing faster than imports, 2.30 and 1.80 per cent respectively. ACT exports are overwhelmingly services rather than goods.

There are some problems with the data in table 3 as the statistical discrepancy is a large \$19,847m. Gross state product = state final demand - imports + exports, in table 3 the sum of these is \$19,847m greater than the stated gross state product of \$53,253m

Table 3: Components of final demand and gross state product ACT constant prices \$M

Year ending June	2014	2023	2024	Percentage change 2024/2023	Average annual percentage change 2014 to 2024
Consumption-General Government	27,287	37,643	38,130	1.29	3.40
Consumption-Households	19,109	24,357	24,722	1.50	2.60
Public Investment	3,561	4,737	5,344	12.81	4.10
Private Investment	5,067	6,596	6,567	-0.44	2.60
State Final demand	54,894	73,333	74,763	1.95	3.10
Imports	3,518	3,494	4,224	20.80	1.80
Exports	2,048	2,190	2,561	16.94	2.30
Gross State Product	36,228	51,226	53,253	4.00	3.92

Source: State accounts 5020.0 ABS

Public service employment grows robustly in 2024

In table 4 (below) public service numbers increased by 10.27 per cent from 2023 to 2024. Over the last 10 years average growth in this industry was 1.63 per cent lower than that for total employment growth of 2.39 per cent. This reflects the federal government's decision to directly employ persons rather than use consultants. Consultants would most likely be in the classification of Professional, scientific and technical services and their numbers employed declined by 7.07 per cent over the period 203 to 2024. Contrast this to high average growth of 5.63 per cent over the last 10 years for this industry. A

period when the federal government preferred to hire non-ongoing consultants to permanent public servants.

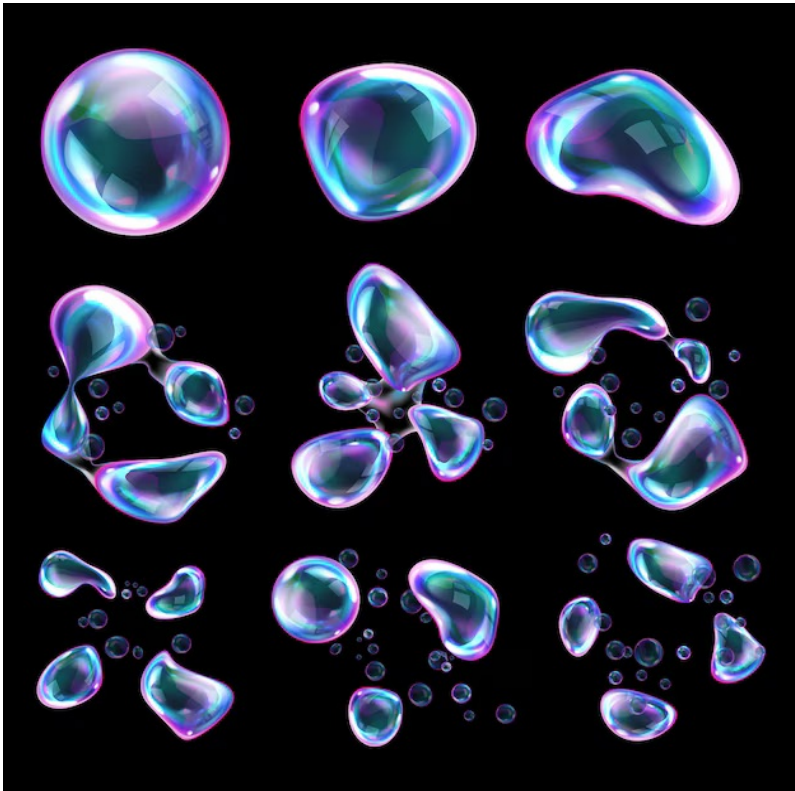
Table 4: ACT economic activity by industry 2014, 2024. Changes in value added and employment.

Industry	Value added constant prices		Employment ⁽¹⁾	
	Annual average percentage growth 2014-2024	Percentage change 2024/2023	Annual average percentage growth 2014-2023	percentage change 2024/2023
Manufacturing	2.29	18.01	2.21	-1.74
Electricity, gas, water and waste services	0.30	-15.09	4.71	17.87
Construction	3.04	0.03	2.32	-0.73
Wholesale trade	3.48	0.54	1.8	3.8
Retail trade	1.12	-1.23	-0.17	-12.73
Accommodation and food services	1.68	-2.72	2.00	0.48
Transport, postal and warehousing	2.18	8.87	1.95	7.93
Information media and telecommunications	7.40	8.90	-2.39	-3.49
Financial and insurance services	4.25	3.77	3.49	9.33
Rental, hiring and real estate services	2.11	1.19	2.56	7.84
Professional, scientific and technical services	7.64	0.46	5.63	-7.07
Administrative and support services	6.40	7.18	0.84	-9.90
Public administration and safety (public service)	3.78	7.71	1.63	10.27
Education and training	2.80	2.21	3.26	5.09
Health care and social assistance	5.02	4.32	3.83	1.61
Arts and recreation services	1.33	1.22	4.04	7.13
Other services	0.75	3.47	0.32	-12.59
Total	3.98	4.26	2.39	1.45

Source ABS State Accounts 5220.0 and ABS Labour Force 6291.0.55.003

1 Data on employment by industry is derived from sample survey, given the small size of many ACT industries there can be large sample error. The data is processed to avoid some of it by using a four period moving average.

Value added in Professional, scientific and technical services also reported a very low increase of 0.46 per cent in the period 2023 to 2024. But over the last 10 years the annual average increase was a robust 7.64 per cent, **the bubble has burst for consulting!**



Construction is an important industry given the need for housing and infrastructure. Growth in construction has been anaemic in recent times. Employment actually fell slightly over 2023/24 (0.73 per cent) and value added only grew by a tiny 0.03 per cent. A bit surprising given that public investment grew by 12.81 per cent over a similar period; although, private investment fell by 0.44 per cent over the same period. **Shortages of skilled trades persons and problems with apprentice retention** is often cited as a problem for this

industry. A recurring problem, despite considerable efforts by governments to promote education and training in this industry over many years.

The increasing use of online shopping seems to be apparent in the relatively high growth in employment in the industries of Wholesale trade and Transport, postal and warehousing in the period 2023 to 2024. Whereas **growth in Retail slumped by almost 13 per cent.**

Arts and recreation services also experienced buoyant employment growth both over the last year and last ten years, 7.13 and 4.04 per cent respectively.

Financial and insurance services also reported stronger growth in the latest period (2023/24), an increase 9.33 per cent. A decisive turn around for an industry that has had low employment growth in recent years.

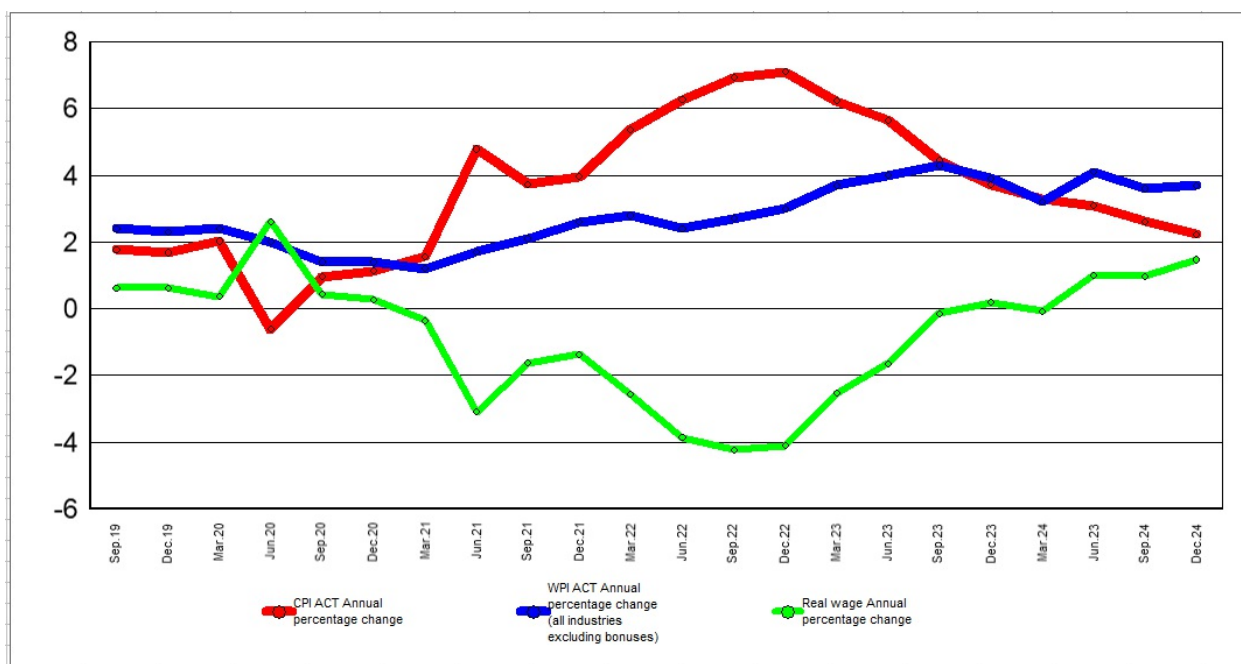
ACT real wages increases exceed CPI increases over last three quarters

The ACT wage price index increases have exceeded the change in the Consumer Price Increase for the last three quarters of 2024, the first time this has happened since December 2020. Inflation in the ACT took off in June 2021 when prices rose by 4.79 per cent over the year. By December 2024 it had moderated to 2.23 per cent, within the Reserve Bank's target range. Wages started grow more from June 2023 when they posted a 4 per cent increase.

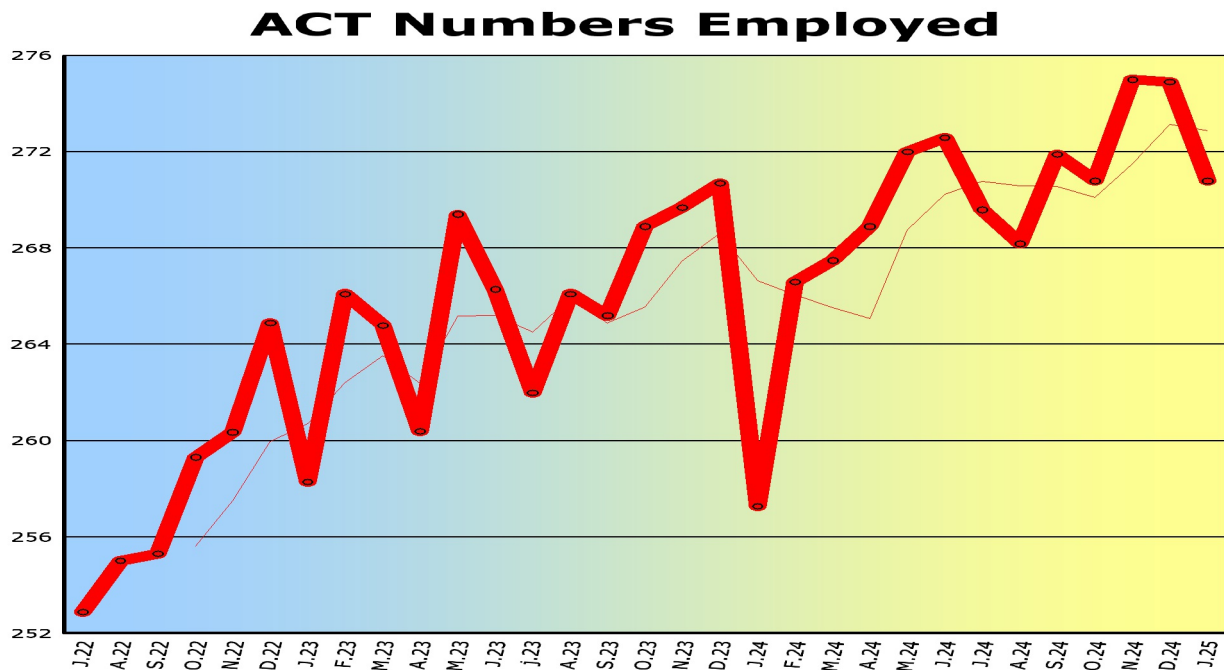
Since then the annual increase has usually exceeded 3.5 per cent. The ACT's relatively tight labour market may have contributed to this outcome. Also it is consistent with the data in Table 1 where the ACT experienced a positive gross state product of 1.9 per cent over 2024/23.

Table 5: Consumer price index (ACT) wage price index (ACT) and real wage changes over 12 months

	CPI ACT Annual percentage change	WPI ACT Annual percentage change (all industries excluding bonuses)	Real wage Annual percentage change
Sep.19	1.78	2.40	0.62
Dec.19	1.68	2.30	0.62
Mar.20	2.03	2.40	0.37
Jun.20	-0.62	2.00	2.62
Sep.20	0.96	1.40	0.44
Dec.20	1.13	1.40	0.27
Mar.21	1.56	1.20	-0.36
Jun.21	4.79	1.70	-3.09
Sep.21	3.73	2.10	-1.63
Dec.21	3.96	2.60	-1.36
Mar.22	5.37	2.80	-2.57
Jun.22	6.26	2.40	-3.86
Sep.22	6.93	2.70	-4.23
Dec.22	7.11	3.00	-4.11
Mar.23	6.23	3.70	-2.53
Jun.23	5.65	4.00	-1.65
Sep.23	4.45	4.30	-0.15
Dec.23	3.71	3.90	0.19
Mar.24	3.27	3.20	-0.07
Jun.24	3.09	4.10	1.01
Sep.24	2.62	3.60	0.98
Dec.24	2.23	3.70	1.47



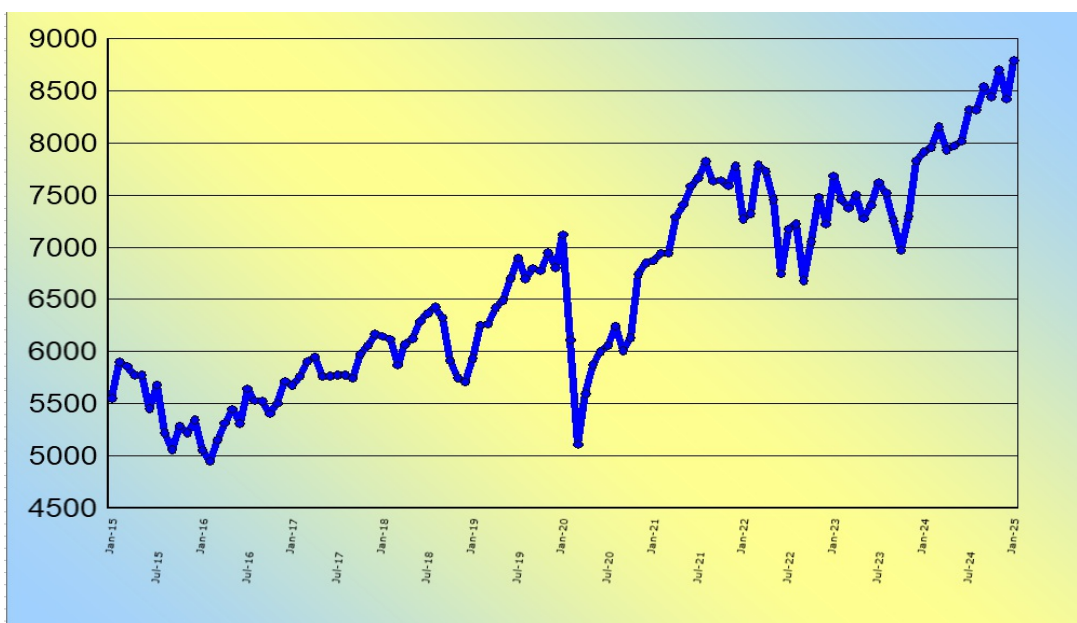
ACT numbers employed shows upward trend over last two years
 Numbers employed in the ACT have trended upwards from June 2022 to



January 2025. There is a distinct seasonal pattern in that numbers employed grow rapidly in December then plunge in January; **therefore the drop in January 2025 should not be seen as weakening in the labour market.** January is part of the silly season when many industries close down for the summer break.

Beyond the ACT

Share prices as measured by ASX all ordinaries surge in 2024



Australian share prices surged in 2024 after a flat period between 2022 and

2023.

Analysis from ChatGPT

In 2024, the Australian share market experienced notable growth, with the S&P/ASX 200 index rising by 7.5% and reaching an all-time high of 8,514.50 points in December.

This surge was primarily driven by robust performances in the technology and financial sectors.

Key Factors Contributing to the Surge:

Technology Sector Boom: The technology sector led the market with a remarkable total return of approximately 50% in 2024.

This growth was fuelled by strong performances of large US technology companies and a strengthening U.S. dollar, which positively influenced international equities.

Financial Sector Strength: Financials, particularly banks, saw significant gains, with returns exceeding 30%.

Major banks like Westpac experienced a 41.2% increase in share value, and Commonwealth Bank's market capitalization reached \$256 billion.

These gains were attributed to increased equity inflows and a stable economic environment.

Resilient Domestic Economy: The Australian economy demonstrated resilience with a significant reduction in the expected budget deficit, partly due to rising mining prices, especially iron ore.

This economic strength bolstered investor confidence and contributed to market growth.

Global Market Optimism: Positive sentiment from global markets, particularly the US, influenced the Australian share market. The US market's robust performance, with the S&P 500 and Nasdaq increasing by approximately 24% and 30% respectively, provided momentum for Australian shares.

Another factor may have been high employment growth in 2024 that led to more money being paid into super funds who are in turn large investors in the share market.

Greta Thunberg on no economic growth

Climate activist Greta Thunberg has called for an end to the "fairy tale" of endless economic growth. She claims that it is leading to climate change and environmental disasters such as mass extinctions. **She has a point.** But if you listen or view current affairs programs you will note the every day there are numerous calls for more funding on health, schools, disease research and many other causes. The money has to come from somewhere and if growth both in terms of productivity or actual GDP growth is not happening then these ambitions cannot be fulfilled. You could try redistribution or reallocation of resources - well good luck with that.

Anyway according to the World Bank:

Global growth is slowing sharply, with worldwide economic output projected to be just 1.7% in 2023, according to the latest analysis from the World Bank

Group. World Bank economists are warning that the downturn would be widespread and any adverse developments risk pushing the global economy into recession. Slowing growth affects 95% of advanced economies and nearly 70% of emerging markets and developing economies - with the potential for increasing poverty rates in some regions.

Terry Giesecke
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