



Australian Government  
Productivity Commission

# The Effects of Education and Health on Wages and Productivity

Productivity Commission  
Staff Working Paper

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The views expressed in  
this paper are those of the  
staff involved and do not  
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# Abbreviations

## Abbreviations

AME	average of the marginal effects
BMI	body mass index
COAG	Council of Australian Governments
CURF	Confidentialised Unit Record File
DSP	Disability Support Pension
GAD	generalised anxiety disorder
GDP	gross domestic Product
HILDA	Household, Income and Labour Dynamics in Australia
MCS	mental component summary
MDD	major depressive disorder
MEM	marginal effect at the sample mean
MER	marginal effect at a representative value of the independent variables
MOS	Medical Outcomes Survey
NESB	Non-English speaking background
NHS	National Health Survey
NRA	National Reform Agenda
PC	Productivity Commission
PCS	physical component summary
SDAC	Survey of Disability, Ageing and Carers
USGP	United States General Population
VET	Vocational Education and Training

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# Glossary

<b>Cross-section data</b>	One-off snapshot of the characteristics of a group of individuals
<b>Endogeneity bias</b>	The bias affecting the coefficients of an estimated equation in which one (or more) of the explanatory variables is correlated with the error term
<b>Human capital</b>	The set of attributes that makes it possible for individuals to work and contribute to production
<b>Labour force participation</b>	A participant in the labour force is a person aged 15 years or over, and who is either employed or unemployed
<b>Labour productivity</b>	An indicator of output per hour worked
<b>Marginal effect</b>	For a binary variable: the effect on the dependent variable of the binary variable changing from 0 to 1. For a continuous variable: the effect on the dependent variable of a one-unit change in the continuous variable
<b>Panel data</b>	Repeated observations over time on the characteristics of the same individuals
<b>Pooled cross-sections data</b>	A collated series of snapshots of the characteristics of different individuals over time
<b>Self-assessed health</b>	A summary measure of a person's overall health status, as determined by that person
<b>SF-36</b>	A self-reported measure of physical and mental health designed for comparing functional health and wellbeing and the relative burden of diseases, across diverse populations
<b>Subjective health</b>	A summary measure of a person's overall health status, as

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<b>measure</b>	determined by that person
<b>True health</b>	A summary measure of a person's overall real health status, not determined by that person
<b>Unobserved heterogeneity</b>	Describes the case when unobserved characteristics of a person jointly influence two (or more) of the variables being modelled, including the dependent variable