**Tasmania's education outcomes need improving to boost workers' wages: Saul Eslake**



**[Sean Ford](https://www.examiner.com.au/profile/985/sean-ford)**



 Picture: Simon Sturzaker.

Lifting Tasmania's "appallingly low levels" of educational achievement is the key to increasing wages without costing jobs.

That is the view of economist Saul Eslake, who warns any attempt to increase real wages faster than productivity growth "will almost inevitably cost jobs".

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Mr Eslake was commenting as a pay and conditions dispute at McCain Foods, Smithton, rolled on, with the Australian Manufacturing Workers' Union saying the workers were paid about 15 per cent less than McCain workers in similar roles in Ballarat.

That prompted [Unions Tasmania secretary Jessica Munday](https://www.examiner.com.au/story/7362532/lower-tasmanian-wages-hurt-workers-and-the-economy/?cs=95)to point to Tasmanian average wages being significantly below the national average and argue that hurt workers, families and the state economy.

"There is no reason why Tasmanians' wages should be lower than anywhere else in the nation," Ms Munday said.

Mr Eslake said Tasmanian labour productivity was about 10.5 per cent lower than the national average.

" ... the main reason why Tasmanian wages are lower than the rest of Australia is that for each hour that they work, Tasmanian workers produce on average $9.81 less by way of dollar value of goods and services than the Australian average," Mr Eslake said.

"That's partly because Tasmania has a below-average share of most of the intrinsically high-productivity (and high pay) industries like mining and financial services, and there's not a lot we can really do about that.

"But it's also the case that almost 65 per cent of Tasmanian workers work in sectors where their productivity is below the national average for that sector.

"That may not necessarily be their fault.

"It could be inefficient management, for example, or small scale of operations."

However, Mr Eslake said, the fundamental cause of Tasmanian workers' below-average productivity was the state's "appallingly low levels of educational attainment".

"When we have a substantially higher proportion of the workforce with nothing beyond year 10 and a significantly below-average proportion of the workforce with post-secondary qualifications, how on earth can we expect to have the same level of productivity in employment as the rest of the country, let alone a higher level?" he said.

"Ultimately, as (US economist) Paul Krugman - no right-winger, he - famously said, 'productivity isn't everything, but in the long run it's nearly everything.' "

Mr Eslake said that was especially so in determining the sustainable level of real wages, or of standards of living.

***This story***[***Lifting education 'key to boosting Tasmanian wages'***](https://www.theadvocate.com.au/story/7366666/lifting-education-key-to-boosting-tasmanian-wages/?cs=12&utm_source=website&utm_medium=home&utm_campaign=latestnews)***first appeared on***[***The Advocate***](https://www.theadvocate.com.au/)***.***