**Economic Impacts of Pay Equity Settlement for Mental Health and Addiction Workers**

Recently, the government of New Zealand signed a multimillion pay equity settlement for mental health and addiction support workers act in a bid to empower and make them more productive at work. According to the article by Lucy Bennett (2018), this act would see pay increment for approximately 5,000 workers. Mostly, it is undoubted that addressing mental health and addiction in the workplace makes a perfect economic sense (McGregor & Davies, 2018). However, despite the underlying importance of this Act, many financial implications are associated with it. This essay, therefore, seeks to explore the economic impacts of the landmark Care and Support Workers (Pay Equity) Settlement Act. The article takes the argument that the relationship between the welfare of the workers and the country’s economy is intrinsically intricate and multidimensional. As such, the additional payment can be regarded as a burden on the broader economic growth or a booster of local and sectoral success.

**Equity Pay as a Driver of Success**

Undeniably, studies indicate that mental health and addiction workers were initially instrumental in driving the economy as a result of their immense contribution to their respective places of work. As stipulated by Bennett (2018), healthy workforce is key to organizational success. As such, since these workers play a critical role in the provision of a robust workforce, they are highly regarded to be essential drivers of economic development. However, their capability may have been reduced due to the mental illness such as depression or addiction, thus, rendering them less productive. As such, the act functions to help mental health and addiction workforce to regain sobriety by increasing their accessibility to essential necessities, which augments their welfare.

Moreover, the majority of these workers struggle with medical costs, consequences of poor productivity due to disability, and costs to quality of life. As a result, they become inefficient, less competitive, and prone to occupational injury. They are also prone to high absenteeism and turnover rate, low level of customer and job satisfaction, and high cost of health and worker compensation claims (Calderwood & Christie, 2008). However, with the implementation of this Act, the welfare of the mentally ill and addicted workers will be improved to the point that their initial potential can be tapped again and resume effective job delivery at their workplaces. As a result, the companies will save on the cost of absenteeism, sick leave, cost of prescription drugs, and wage replacement, and in the long run, help in the general growth of the economy.

**Equity Pay as a Burden to Economic Growth**

The implementation of this Act implies that both public and private organizations will be forced to dig deep financially to cater to the mental health and addicted patients. In essence, this move is likely to have adverse impacts on the organizations' financial status as it will severely erode the corporate balance sheets than rising costs of other consumables. Therefore, to curb the costs for organizations, many companies will become reluctant to hire full-time employees because equity pay will cost hundreds of dollars annually for every employee, which will be among the fastest-growing costs in organizations. In other words, equity pay spending could minimize economic growth and employment (Mark, Vandivort-Warren & Miller, 2012). Moreover, the increasing equity pay will have a considerable impact on the national government.

As noted by Bennett (2018), the other possible scenario is that many employers will limit their responsibilities to pay for the mental health and addiction by forcing their employees to increase their contribution or device other forms of coverage (Van Gordon, Shonin, Zangeneh & Griffiths, 2014). As such, the initial purpose of coverage will lose its meaning, which will be costly to the general populace in the long-run. Consequently, employees’ household available financial income will be potentially reduced as more costs will be left to workers.

In conclusion, on the face value, it may seem that increasing pay for mental health and addiction workers is costly, however, in consideration of the real burden of the mental health and addiction among workers and also the potential economic effectiveness that these workers could bring, not only in their organizations but also in the entire nation's economy, the pay equity is ideally essential for economic development.

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