Revision of estimates based on revised RBA forecasts

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The impact of the COVID-19 pandemic and recession on mental health in Australia

While the course of the virus and extent of economic impact remains uncertain, we continue to update our national model of the impact of COVID-19 and recession based on revised RBA projections. The most recent RBA projections released on 7th August 2020 represent a less optimistic outlook in terms of scale and duration of high unemployment then was used to underpin the 'best case' scenario released in our recent Road to Recovery Report (27th July 2020). The RBA state they now believe that:

> *'….the subsequent recovery is likely to be more protracted and progress on reducing unemployment will be slower.'*

In revising the economic inputs into our model, we have used treasury estimate of the 'effective unemployment' rate as a more accurate indicator of conditions in the labour market and have used the RBA mid-projection template for the duration of high unemployment. Key changes to the assumptions between previous 'best case' reported in the Road to Recovery report and current 'likely case' based on the RBA estimates are summarized in Table 1 and represented graphically in Figure 1.

***Table 1**: Updated assumptions underlying revised mental health impacts of COVID-19 and recession*

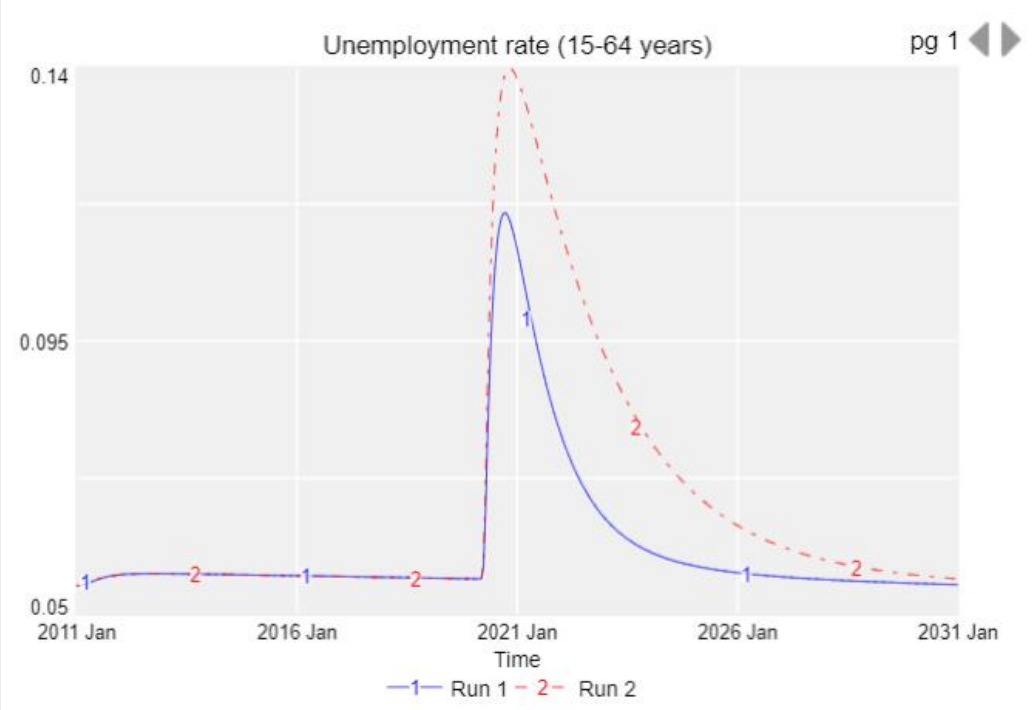
	Peak (effective) unemployment (total)	**Peak (effective) unemployment (youth, 15-24)**	**Reduction in community connectedness^**
Former 'Best case'	11.7%	19%	10%
Revised 'likely case'*	14%	28%	15%
Revised 'worst case'†	20%	40%	15%

*Duration – double digit effective unemployment remains until Aug/Sept 2022

†Duration – double digit effective unemployment remains until Dec 2023

^Reduction in community connectedness resulting from social dislocation unrelated to job loss (e.g., working from home, not participating in sports, reduced social gatherings), that will persist for a period of 12 months.

***Figure 1**: Assumed patterns of unemployment underlying model outputs for former 'best case' and revised 'likely case.'*



Run 1 – Former *'best case' scenario – assumes (effective) unemployment reaches 11.7%; youth unemployment rises to 19%; decrease in community connectedness of 10%.*
Run 2 – Revised 'likely case' based on revised RBA projections – assumes (effective) unemployment reaches 14%; youth unemployment reaches 28%; duration of recovery extended; decrease in community connectedness by 15%.

Under the revised 'likely case' scenario updated on the basis of revised RBA projections of unemployment and economic recovery, even greater **negative mental health impacts** than the previous 'best case' scenario are projected over the next 5 years (Table 1). The revised prevalence of **psychological distress** is estimated to peak at 45.3% by April 2022 and among youth (15-24 years) at 60% by November 2021. The proportion of **youth not in employment, education or training** (NEET) is projected to rise to a peak of 37.7% in major cities and 41.7% in regional areas by November 2020. In youth (15-24 years) **mental health-related ED presentations** will increase by 26.1%, **self-harm hospitalisations** (indicative of suicide attempts) by 27.9%, and **suicide deaths** by 30.3% over the period 2020-2025.

Effect of alternative mitigation strategies on mental health outcomes

The relative effectiveness of intervention scenarios against the revised 'likely case' didn't change meaningfully from the previous forecasts in the Road to Recovery report, although the proportion of suicides, self-harm hospitalisations, and mental health-related ED presentations prevented is higher in the revised projections, particularly for scenarios that include employment programs. Table 3 highlight that employment programs now also prevent a greater proportion of adverse mental health outcomes in 15-24-year-olds than in the total population, since youth are disproportionately impacted by job loss. Extending employment programs (such as JobKeeper) to May 2022 reduces mental health-related ED presentations by 8.8%, self-harm hospitalisations by 9.2%, and suicide deaths by 9.2% among youth aged 15-24 years (assuming these programs are accessible to young people).

***Table 2**: Updated projections of scale of impact of COVID-19 and economic downturn on mental health indicators (2020-2025) based on release of new RBA quarterly forecasts*

	Previous non-COVID forecasts	**Previous 'best case'**		**Revised 'likely case'**		**Revised 'worst case'**	
Indicators	n	n	% increase*	n	% increase*	n	% increase*
Mental health-related ED presentations (total)	1,448,533	1,613,837	11.4	1,762,122	21.6	1,993,722	37.6
Mental health-related ED presentations (15-24 years)	307,727	339,752	10.4	388,038	26.1	450,195	46.3
Self-harm hospitalisations (total)	154,131	173,123	12.3	191,358	24.2	219,177	42.2
Self-harm hospitalisations (15-24 years)	46,042	51,112	11.0	58,895	27.9	68,782	49.4
Suicide deaths (total)	17,484	19,878	13.7	21,812	24.8	24,662	41.1
Suicide deaths (15-24 years)	2,214	2,489	12.4	2,885	30.3	3,370	52.2

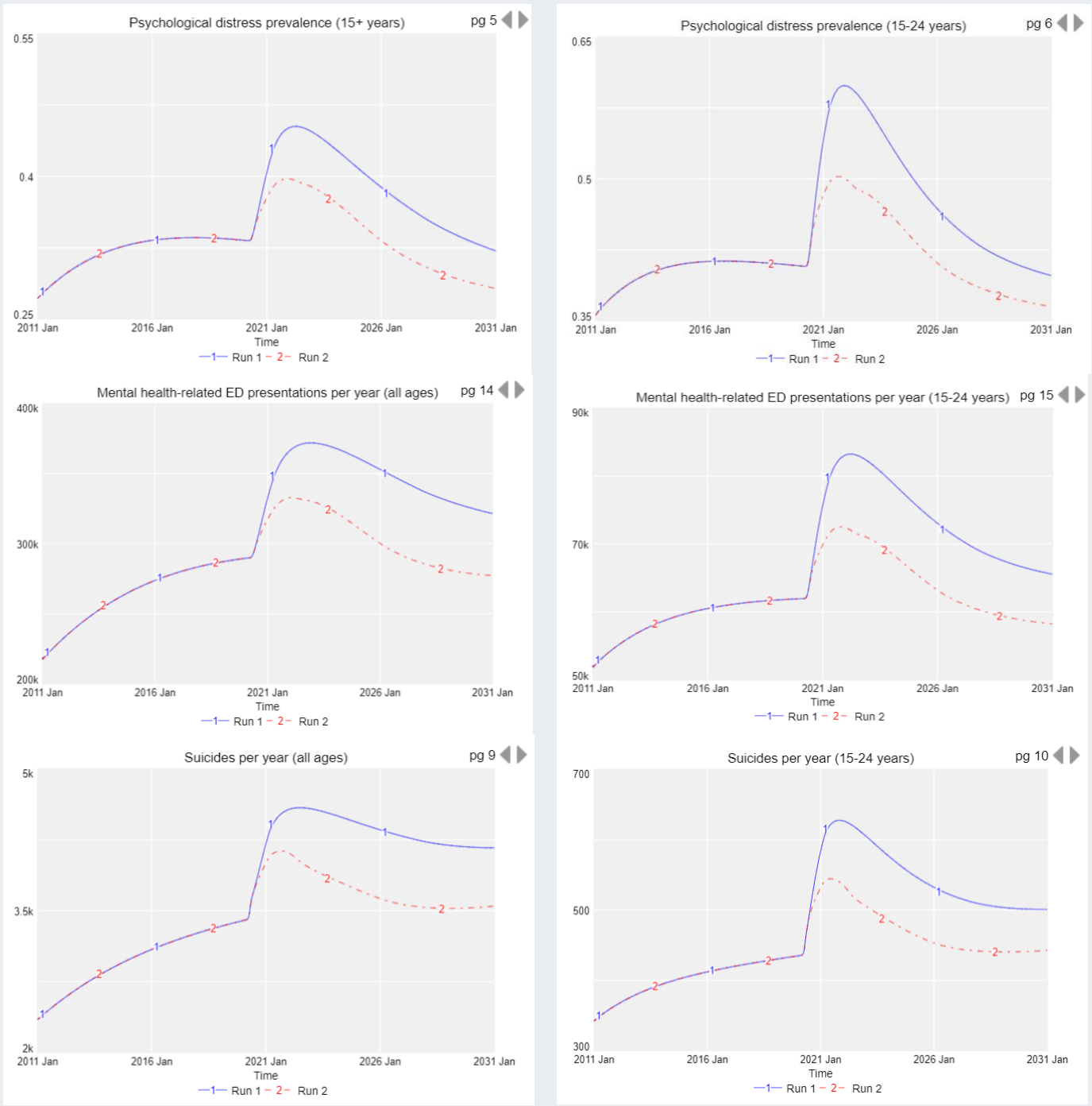
*Projected increase against the baseline trajectory of mental health indicators had the COVID-19 pandemic not occurred.

Table 3: *Revised impacts of employment, education, and health system strengthening scenarios on population mental health indicators 2020-2025*

Scenarios*	ED presentations *n,* (% ↓)	Youth ED presentations n, (% ↓)	Self-harm hospitalisations n, (% ↓)	Youth self-harm hospitalisations n, (% ↓)	Suicide deaths n, (% ↓)	Youth suicide deaths n, (% ↓)
1. Best case COVID baseline	-	-	-	-	-	-
2. Employment programs – 1 year (May 2020-May 2021)	90,753 (5.2)	23,728 (6.1)	10,818 (5.7)	3,746 (6.4)	1,121 (5.1)	184 (6.4)
3. Extended employment programs - 2 years (May 2020-May 2022)	122,461 (6.9)	34,087 (8.8)	14,833 (7.8)	5,432 (9.2)	1,509 (6.9)	266 (9.2)
4. Expanded Better Access Scheme (commencing 2021)	-2,192 (-0.1)	923 (0.2)	-127 (-0.1)	99 (0.2)	-22 (-0.1)	5 (0.2)
5. Mental health awareness programs (commencing 2021)	-88,315 (-5.0)	-15,884 (-4.1)	-1557 (-0.8)	-136 (-0.2)	-179 (-0.8)	-7 (-0.2)
6. Education programs (20% uptake in enrolments)	4,761 (0.3)	4,033(1.0)	738 (0.4)	669 (1.1)	41 (0.2)	33 (1.1)
7. Doubling current growth rate in community-based specialist mental health services (equates to a mean annual increase of approx. 8-10% of 2020 capacity over the period 2020-2025)	16,500 (0.9)	2,549 (0.7)	1,186 (0.6)	247 (0.4)	139 (0.6)	12 (0.4)
8. Technology enabled, measurement-based care coordination	21,318 (1.2)	4,226 (1.1)	1,592 (0.8)	425 (0.7)	184 (0.8)	21 (0.7)
9. Post-suicide attempt assertive aftercare	5,961 (0.3)	1,888 (0.5)	5,680 (3.0)	1,671 (2.8)	655 (3.0)	82 (2.8)
10. Expanding online mental health services	2,622 (0.1)	546 (0.1)	185 (0.1)	54 (0.1)	23 (0.1)	3 (0.1)
11. Combined 7, 8 & 9	45,433 (2.6)	8,935 (2.3)	8,487 (4.4)	2,349 (4.0)	982 (4.5)	115 (4.0)
12. Best strategy: Combined 3, 6 & 11 (Figure 2)	168,655 (9.6)	44,691 (11.5)	23,112 (12.1)	7,948 (13.5)	2,450 (11.2)	389 (13.5)

*Results are for the period March 2020 to 2025. Youth refers to the cohort aged 15-24 years. Cases (n) prevented and percent reduction from revised 'likely case' COVID baseline are presented.

***Figure 2**: Simulated impacts of recommended combination of employment, education, and health system strengthening strategies on prevalence of psychological distress, mental health-related ED presentations, self-harm hospitalisations, and suicide deaths across all ages and among youth (2020-2031).*



Run 1 – Revised 'likely case' baseline scenario
Run 2 – Employment programs for 2 years (until May 2022) + Education support programs – increasing enrolments in post-secondary education and vocational training by 20% + doubling the current growth rate in specialist community-based mental health service capacity + technology enabled care coordination + post-suicide attempt assertive aftercare (commencing 2021)