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July marks the fifth month since the World Health Organization declared COVID-19 a global pandemic. As the COVID-19 virus continues to proliferate globally with over 13 million cases, Australia's case count began increasing marginally in July, from the previous extremely low number of cases the prior month. The State of Victoria continues to see a steady rise in cases. In response, Victoria has put in place a four-week lockdown as the country puts in place an aggressive testing program to try and keep economic recovery on track.

Heading into the month, preventative measures were being put in place by retailers in Victoria to mitigate the risk of panic buying as residents headed into lockdown. Victorian-based businesses are expected to receive some government assistance during the lockdown. Given the resurgence of COVID-19 in Victoria, Queensland plus South Australia's border to Victoria remained closed.

Despite this recent surge, decision makers are focused on removing most social distancing and lockdown restrictions by the end of this month, considered imperative to support the beleaguered economy and to life under COVID-19. Australia's international borders continue to be closed.

For the fourth consecutive month, the ongoing impacts of the COVID-19 pandemic, coupled with the increased awareness and societal response to anti-Black racism, continue to have an impact on the mental health of Australians.

Mental Health Index™

The overall Mental Health Index[™] for July 2020 is -12 points. This index represents the deviation from pre-2020 benchmark. A negative score indicates poorer mental health relative to the benchmark, and a positive score indicates better mental health. The benchmark reflects

The overall Mental Health Index[™] for July 2020, is -12 points, unchanged from the prior month







mental health data from 2017, 2018 and 2019. A 12-point decrease from the pre COVID-19 benchmark¹ reflects a population whose mental health is similar to the most distressed first per cent of the benchmark population.

The lowest Mental Health Index[™] sub-score is for the risk measure of anxiety (-14.7), followed by optimism (-13.2), work productivity (-12.9), depression (-12.6), and isolation (-11.2). The risk measure with the best mental health score is financial (0.0), followed by psychological health (-5.2).

- The financial score continues to improve with a score of 0.0 and is at the pre-2020 benchmark.
- The most improved sub-score is depression (-12.6) when compared to the prior month (-13.3).
- Individuals without emergency savings continue to experience a lower mental health score (-24.5) than the overall group. Individuals with an emergency fund have an average mental health score of -7.1.
- Females (-14.4) have a lower mental health score than males (-9.7); and in general, mental health scores improve with age.
- Respondents identifying as South Asian have the lowest mental health scores (-21.7), followed by those identifying as East Asian (-14.8), and those identifying as White (-11.7).
- Individuals identifying as South East Asian have the highest mental health scores (-10.8), behind those who would not disclose their racial identification.

Overall, 8 per cent of respondents are unemployed. While most individuals remain employed, 27 per cent report reduced hours or reduced salary since April 2020.

- Individuals reporting reduced salary when compared to the prior month have the lowest mental health score (-18.9), followed by individuals reporting fewer hours compared to the prior month (-17.2), and those not currently employed (-14.2).
- Individuals employed in organizations with between 5,001-10,000 employees have the highest mental health score (-6.5), followed by individuals working for companies with more than 10,000 employees (-9.0) and employers with between 2-50 employees (-10.6).





¹ The raw score for the Mental Health Index™ benchmark is 75/100. The July 2020 score is 63/100.





The highest mental health scores this month are observed in individuals employed in Public Administration (-5.1), Finance and Insurance (-8.7), and Manufacturing (-9.4) industries.

- Respondents working in Food Services have the lowest average mental health score (-19.4), followed by individuals in Retail Trade (-18.2), and Construction (-17.3).
- Individuals employed in Public Administration, Administrative and Support services, and Manufacturing have seen the greatest improvement in mental health since last month.

For the fourth consecutive month, the two key drivers of the Mental Health Index[™] are financial risk and isolation.

Mental Stress Change

The Mental Stress Change score for July 2020 is 58.3. This indicates that 24 per cent of the population is experiencing more mental stress compared to the prior month, with 8 per cent experiencing less. This is the fourth consecutive month where the Mental Stress Change score reflects increased mental stress in the population overall. Considering geography, the greatest increase in stress month over month was for respondents living in Victoria (60), followed by New South Wales (59.5), and Queensland (56.9). Respondents living in the regions where the increase in mental stress was less, still had significant increases. They include Western Australia (55.2) and South Australia (55.9).

- The greatest increase in mental stress is seen in employed people with reduced salary (65.9), followed by employed people with reduced hours (65.8) when compared to unemployed people (59.1) and employed people with no change to salary or hours (55.1).
- As was reported in prior months, and as evidenced again in June, younger respondents
 are experiencing a greater increase in mental stress when compared to older respondents.
- Since April 2020, females have larger increases in mental stress when compared with males.

For the fourth consecutive month, the two key drivers of the Mental Health Index™ are financial risk and isolation



- * *
 - Respondents identifying as South Asian have the least favourable mental stress change score (59.1), followed by those identifying as White (59), and those identifying as South East Asian (56.9).
 - Individuals identifying as East Asian have the most favourable mental stress change score (52.5), followed by respondents identifying as South East Asian (56.9).

Mental Stress Change scores for Other services (except Public Administration), Transportation and Warehousing, and Manufacturing industries are less steep compared to the prior month.

• Individuals working in Arts, Entertainment and Recreation have the most significant increase in Mental Stress Change score (65.2) followed by individuals employed in Retail Trade (64.4), and Professional, Scientific and Technical Services (63.3).

Additional findings

Relationships in 2020

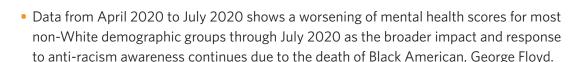
The effect of the COVID-19 pandemic has been widespread. Prolonged social distancing and isolation has led people to crave human interaction and in some cases, has had an impact on relationships, both personal and professional.

- 11 per cent feel that their personal relationships had become more strained, and this group had the lowest mental health scores (-33.0)
- 71 per cent of respondents feel that there had been no change in their personal relationships since January 2020.
- 19 per cent feel that there had been an improvement in their personal relationships.
- Individuals identifying as South Asian are the most likely to have indicated an improvement in their personal relationships (36 per cent).
- Three-quarters of respondents feel that there has been no change in their workplace relationships (75 per cent) while 11 per cent report an improvement in their workplace relationships.
- The lowest mental health score is among the 14 per cent of individuals reporting increased strain in their workplace relationships (-28.0).

A worsening of mental health scores for most non-White demographics is observed through July 2020







Racism in Australia

- Overall, 61 per cent of individuals believe that racism is a problem in Australia though only 17 per cent believe that racism is a problem in their workplace.
- When considering the results by race, 73 per cent of individuals identifying as South Asian and 73 per cent of individuals identifying as East Asian strongly agree or agree that racism is a problem in their country. Comparatively, 60 per cent of individuals identifying as White strongly agree or agree that racism is a problem in their country.
- The lowest mental health score (-18.3) is among those who strongly agree that racism is a problem in their country.
- 17 per cent believe that racism is a problem in their workplace. 17 per cent are also undecided.
- The lowest mental health score (-27.2) is among those who strongly agree that racism is a problem in their workplace. The highest mental health score is among individuals who do not perceive racism to be a problem in their workplace (-5.1).
- When considering the results by race, 36 per cent of individuals identifying as East Asian strongly agree or agree that racism is a problem in their workplace, followed by 34 per cent of South Asians and 30 per cent identifying as Black. Comparatively, 10 per cent of individuals identifying as White strongly agree or agree that racism is a problem in their workplace.
- Employers with between 2-50 employees are most likely to strongly disagree or disagree (79 per cent) that racism is a problem in their workplace.

Awareness of systemic racism

• 29 per cent of respondents feel that systemic racism is likely to decrease in Australia as a result of heightened awareness related to the high-profile death of Black American, George Floyd, while 35 per cent are unsure, and 36 per cent feel that systemic racism is unlikely to decrease.







- In the workplace, 19 per cent feel that systemic racism is likely to decrease, 36 are unsure, and 45 feel that it is unlikely that systemic racism will decrease.
- 28 per cent report an increased awareness of systemic racism over the past month while
 28 per cent of individuals report that their thinking has not changed and 7 per cent indicate that they are less interested in the topic of systemic racism than before.

Additional data and analyses

Demographic breakdown of sub-scores, and specific cross-correlational and custom analyses are available upon request. Benchmarking against the national results or any sub-group, is available upon request. Contact MHI@morneaushepell.com

Over 60 per cent of individuals believe that racism is a problem in Australia though only 17 per cent believe that racism is a problem in their workplace







Overview of the Mental Health Index™

The mental health and well-being of a population is essential to overall health and work productivity. The Mental Health Index[™] provides a measure of the current mental health status of employed adults in a given geography, compared to the benchmarks collected in the years of 2017, 2018 and 2019. The increases and decreases in the Index are intended to predict cost and productivity risks, and inform the need for investment in mental health supports by business and government.

The Mental Health Index[™] report has three main parts:

- 1. The overall Mental Health Index[™] (MHI), which is a measure of change compared to the benchmark of mental health and risk.
- 2. A Mental Stress Change (MStressChg) score, which measures the level of reported mental stress, compared to the prior month.
- 3. A Spotlight section that reflects the specific impact of current issues in the community.

Methodology

The data for this report was collected through an online survey of 1,000 Australians who are living in Australia and are currently employed or who were employed within the prior six months. Participants were selected to be representative of the age, gender, industry and geographic distribution in Australia. The same respondents participate each month to control for changes due to different samples. The respondents were asked to consider the prior two weeks when answering each question. The Mental Health Index™ is published monthly, starting in April 2020. The benchmark data was collected in 2017, 2018 and 2019. The data for the current report was collected between June 22 to June 30, 2020.

Collected through an online survey of 1,000 Australians





Calculations

To create the Mental Health Index[™], the first step leverages a response scoring system turning individual responses to each question into a point value. Higher point values are associated with better mental health and less mental health risk. Each individual's scores are added and then divided by the total number of possible points to get a score out of 100. The raw score is the mathematical mean of the individual scores.

To demonstrate change, the current month's scores are then compared to the benchmark and the prior month. The benchmark is comprised of data from 2017, 2018 and 2019. This was a period of relative social stability and steady economic growth. The change relative to the benchmark is the Mental Health Index™. A score of zero in the Mental Health Index™ reflects no change, positive scores reflect improvement, and negative scores reflect decline.

A Mental Stress Change score is also reported given that increasing and prolonged mental stress is a potential contributor to changes in mental health. It is reported separately and is not part of the calculation of the Mental Health Index[™]. The Mental Stress Change score is (percentage reporting less mental stress + percentage reporting the same level of mental stress *0.5) * -1 + 100. The data compares the current to the prior month. **A Mental Stress**Change score of 50 reflects no change in mental stress from the prior month. Scores above 50 reflect an increase in mental stress, scores below 50 reflect a decrease in mental stress. The range is from zero to 100. A succession of scores over 50, month over month, reflects high risk.





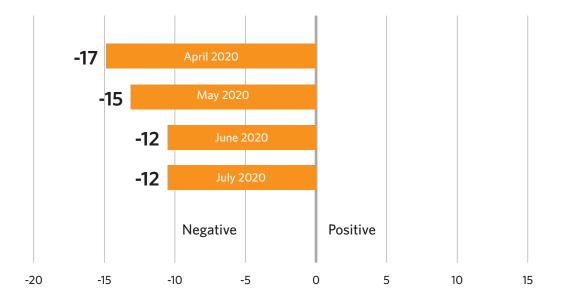
The Mental Health Index™

The Mental Health Index $^{\text{\tiny M}}$ (MHI) is a measure of deviation from the benchmark 2 of mental health and risk.

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Current month July 2020	-12
June 2020	-12

MHI sub-scores ³	July	June
Anxiety	-14.7	-14.1
Optimism	-13.2	-12.8
Work productivity	-12.9	-13.6
Depression	-12.6	-13.3
Isolation	-11.2	-11.7
Psychological health	-5.2	-3.6
Financial risk	0.0	0.4



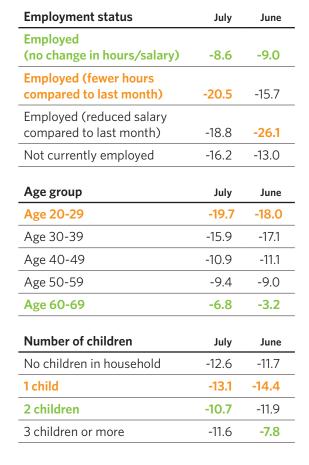
The overall Mental Health Index $^{\text{m}}$ is -12 and continues to reside below the benchmark for the fourth consecutive month. The current score of 63 is equivalent to the first percentile of the benchmark.



² The benchmark reflects data collected in 2017, 2018 and 2019.

³ The demographic breakdown of sub-scores are available upon request.





Numbers highlighted in orange are the most
negative scores in the group.
Numbers highlighted in green are the least

negative scores in the group. **Available upon request:**

Specific cross-correlational and custom analyses

State	July	June
New South Wales	-13.3	-13.9
Victoria	-10.9	-11.6
Queensland	-12.0	-10.4
South Australia	-14.5	-12.1
Western Australia	-11.8	-11.3
Gender	July	June
Male	-9.7	-9.1
Female	-14.4	-14.5
Income	July	June
Household income		
\$30K/annum	-27.7	-22.7
\$30K to <\$60K/annum	-15.9	-16.2
\$60K to <\$100K	-14.7	-14.2
\$100K to \$150K	-8.1	-9.5
\$150K and over	-4.5	-4.1
Number of adults in household	July	June
One adult in household	-17.8	-16.5
	-17.0	-10.5
2 adults	-10.8	-10.7
2 adults 3 adults		
	-10.8	-10.7

Racial identification	July
East Asian	-14.8
South Asian	-21.7
South East Asian	-10.8
White	-11.7
Prefer not to answer	-9.0
Other*	-15.1

^{*} Included in this category are Arab/Middle Eastern/West Asian, Black, Indigenous/Aboriginal, Latin, South or Central American, Pacific Islander, Mixed (Black and other), and Mixed (Other) as the minimum threshold for reporting was not met for each group.

Employer size	July
Self-employed/sole proprietor	-12.3
2-50 employees	-10.6
51-100 employees	-15.4
101-500 employees	-14.6
501-1,000 employees	-12.7
1,001-5,000 employees	-11.7
5,001-10,000 employees	-6.5
More than 10,000 employees	-9.0







The Mental Health Index[™] (industry)

The mental health of individuals across industries can differ immensely depending upon market and societal conditions. The highest mental health scores are observed in Public Administration (-5.1), Finance and Insurance (-8.7), and Manufacturing (-9.4). Individuals working in Food Services (-19.4) have the lowest mental health scores followed by Retail Trade (-18.2), and Construction (-17.3). Improvements from the prior month are shown in the table below:

Industry	July 2020 MHI	June 2020 MHI	Improvement
Public Administration	-5.1	-11.0	5.9
Administrative and Support services	-9.5	-13.7	4.3
Manufacturing	-9.4	-13.1	3.7
Health Care and Social Assistance	-11.6	-13.3	1.7
Arts, Entertainment and Recreation	-15.6	-15.9	0.3
Transportation and Warehousing	-10.7	-9.6	-1.1
Educational Services	-13.8	-12.6	-1.3
Professional, Scientific and Technical Services	-11.5	-10.2	-1.3
Other	-12.2	-10.7	-1.6
Other services (except Public Administration)	-10.3	-8.5	-1.8
Finance and Insurance	-8.7	-6.9	-1.8
Food Services	-19.4	-17.1	-2.3
Retail Trade	-18.2	-14.5	-3.6
Wholesale Trade	-13.2	-9.1	-4.0
Construction	-17.3	-12.7	-4.5







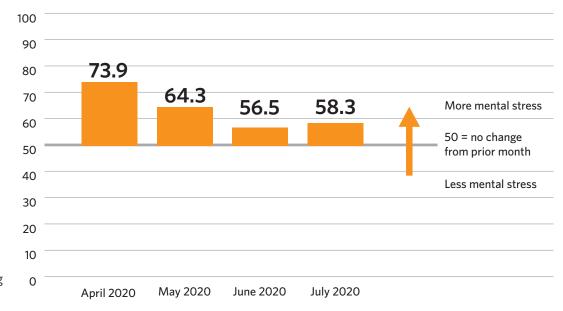
The Mental Stress Change score

The Mental Stress Change Score (MStressChg) is a measure of the level of reported mental stress, compared to the prior month.

MStress Chg

Current month July 2020	58.3
June 2020	56.5

The Mental Stress Change score for July 2020 is 58.3. This reflects an increase in mental stress compared to the prior month. The steepness of the increase was declining; however, this month has seen a small increase in the change in stress. The current score indicates that 24 per cent of the population is experiencing more mental stress compared to the prior month, with 8 per cent experiencing less. A continued increase in mental stress over the last four months indicates a significant accumulation of strain in the population.





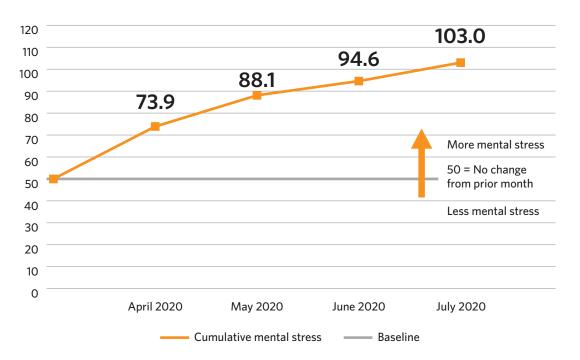




The Mental Stress Change (cumulative)

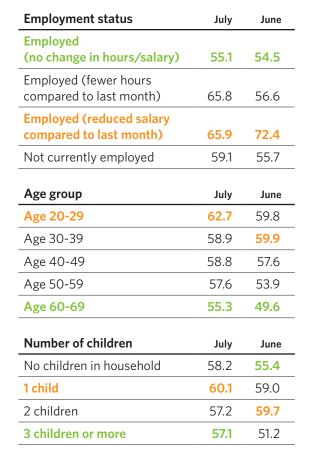
The Mental Stress Change (MStressChg) score is a measure of the level of reported mental stress compared to the prior month. The change is rooted against a value of 50 implying no net mental stress change from the previous month, while values above 50 indicate a net increase in mental stress and values below 50 indicate a net decrease in mental stress. The cumulative mental stress score is shown in the graph below:

Cumulative MStressChg









Numbers highlighted in orange are the most
negative scores in the group.

Numbers highlighted in **green** are the least negative scores in the group.

Available upon request:

Specific cross-correlational and custom analyses

State	July	June
New South Wales	59.5	59.8
Victoria	60.0	56.3
Queensland	56.9	51.3
South Australia	55.9	59.8
Western Australia	55.2	54.9
Gender	July	June
Male	55.5	55.3
Female	60.6	57.5
Income	July	June
Household income		
<\$30K/annum	67.9	60.2
\$30K to <\$60K/annum	59.0	60.3
\$60K to <\$100K	59.2	55.8
\$100K to \$150K	55.0	56.1
\$150K or more	57.3	53.9
Number of adults in household	July	June
One adult in household	60.9	58.9
2 adults	58.0	54.9
3 adults	58.5	58.0
4 adults	49.1	57.6
5 adults or more	62.0	62.0

Racial identification	July
East Asian	52.5
South Asian	59.1
South East Asian	56.9
White	59.0
Prefer not to answer	56.0
Other*	54.1

^{*} Included in this category are Arab/Middle Eastern/West Asian, Black, Indigenous/Aboriginal, Latin, South or Central American, Pacific Islander, Mixed (Black and other), and Mixed (Other) as the minimum threshold for reporting was not met for each group.

Employer size	July
Self-employed/sole proprietor	58.0
2-50 employees	57.6
51-100 employees	57.6
101-500 employees	63.5
501-1,000 employees	49.3
1,001-5,000 employees	61.5
5,001-10,000 employees	55.9
More than 10,000 employees	59.2









The Mental Stress Change (industry)

The mental health of individuals across industries can differ immensely depending upon market and societal conditions. The most favourable mental stress changes are observed in Other services (except Public Administration) (52.8), Transportation and Warehousing (53.2), and Manufacturing (53.2). The least favourable mental stress changes are found in Arts, Entertainment and Recreation (65.2), Retail Trade (64.4), and Professional, Scientific and Technical Services (63.3).

Mental Stress changes from the last two months are shown in the table below:

Industry	July 2020 MStress Chg	June 2020 MStress Chg
Other services (except Public Administration)	52.8	51.2
Transportation and Warehousing	53.2	54.9
Manufacturing	53.2	58.8
Finance and Insurance	53.3	57.3
Other	53.4	52.4
Public Administration	56.6	60.9
Administrative and Support services	56.7	58.7
Food Services	58.1	56.9
Wholesale Trade	58.3	58.5
Health Care and Social Assistance	58.9	56.6
Construction	61.5	54.5
Educational Services	63.3	57.6
Professional, Scientific and Technical Services	63.3	57.2
Retail Trade	64.4	52.9
Arts, Entertainment and Recreation	65.2	62.5







Impact of the COVID-19 pandemic on relationships

The effect of the COVID-19 pandemic has been widespread. Social distancing and isolation have led people to crave human interaction and in some cases, has had an impact on relationships, both personal and professional.

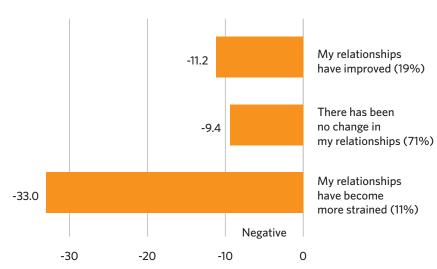
Nineteen per cent feel there has been an improvement in their personal relationships and 11 per cent feel that their personal relationships have become more strained. The lowest mental health score is observed among individuals who feel that their personal relationships have become more strained (-33.0), while those reporting improvements have a mental health score of -11.2 and those reporting no change have a mental health score of -9.4.

Individuals identifying as South Asian have the greatest likelihood of noting an improvement in personal relationships (36 per cent).

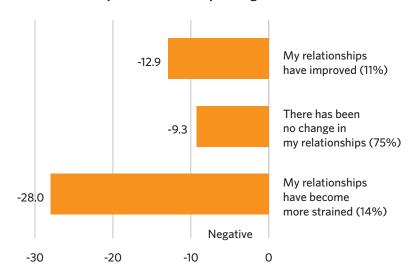
With respect to the workplace, the lowest mental health scores are among the 14 per cent reporting increased strain in their workplace relationships (-28.0) while 11 per cent reported an improvement in their workplace relationships. The best mental health score (-9.3) is among those who feel that there has been no change in their workplace relationships.

Individuals identifying as South Asian had the greatest likelihood of noting an improvement in workplace relationships (20 per cent).

Personal relationship changes and MHI



Workplace relationship changes and MHI









Racism and Mental Health

Mental health trends by race

Data from April 2020 to July 2020 shows a worsening of mental health scores for most non-White demographic groups through July 2020 as the broader impact and response to anti-racism awareness continues due to the death of Black American, George Floyd.

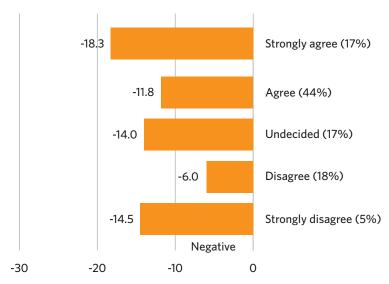
Racism in Australia and in the workplace

Sixty-one per cent of individuals believe that racism is a problem in Australia.

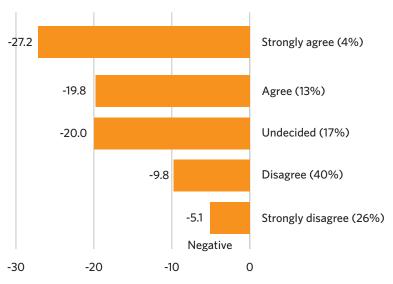
17 per cent of respondents believe that racism is a problem in their workplace and 17 per cent are undecided. The highest mental health score is among individuals who do not perceive racism to be a problem in their workplace (-5.1).

Employers with between 2-50 employees are most likely to not perceive racism to be a problem in their workplace (79 per cent).

Racism is a problem in my country: MHI scores



Racism is a problem in my workplace: MHI scores









Awareness of systemic racism

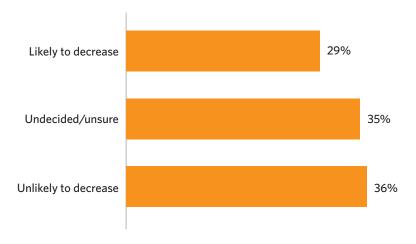
Respondents were asked how likely they feel that systemic racism will decrease in Australia as a result of heightened awareness related to the death of Black American, George Floyd. Twenty-nine per cent of respondents feel that systemic racism is likely to decrease in Australia, while 35 per cent are unsure, and 36 per cent feel that systemic racism is unlikely to decrease.

In the workplace, 19 per cent feel that it is likely that systemic racism will decrease, 36 per cent are unsure, and 45 per cent feel that it is unlikely that systemic racism will decrease.

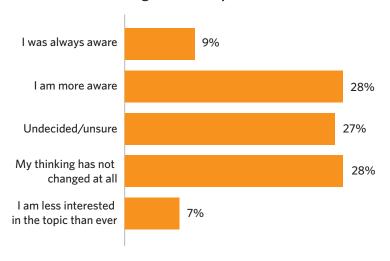
Changes in thinking about systemic racism

Twenty-eight per cent of respondents report an increased awareness of systemic racism over the past month while 28 per cent of individuals report that their thinking has not changed and 7 per cent indicate that they are less interested in the topic of systemic racism than before.

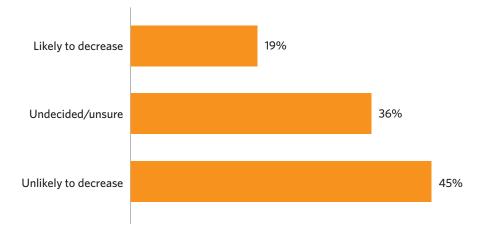
Will systemic racism decrease in your country as a result of heightened awareness related to Geoge Floyd?



How much your thinking regarding systemic racism changed over the past month?



Will systemic racism decrease in your workplace as a result of heightened awareness related to Geoge Floyd?









The current scores for The Mental Health Index™ are a clear warning regarding the mental health impact of race relations and the pandemic. The Index shows a significant decrease in the mental health in Australia. We also see a significant increase in mental stress compared to the prior month and a definitive link to issues related to the COVID-19 pandemic. While the physical health risk of COVID-19 is the focus of much attention, the mental health impact requires similar attention and action. Well after the risk of infection reduces, the mental health impact may remain. This has implications for the quality of life of individuals, the stability of families, the risk of health and disability costs for organizations as well as the level of participation in the economy, which is a concern for government, given its impact on the speed of economic recovery.

To address this situation, action is required on at least three levels:

- 1. **Individuals** need to attend to the impact of the pandemic on their mental health. While some strain would be expected as a result of such a massive change, feeling overwhelmed and unable to cope, or feeling stuck and unable to adapt, are clear warning signs requiring support from a trusted confidant or a counselling professional.
- 2. **Businesses** need to attend to the risk among employees. The Mental Health Index[™] measures the mental health risk and status of the working population. The current scores suggest a risk to the longer-term wellbeing of employees, which may impact business productivity, health costs and disability absence. Business would do well to increase the focus on mental health through communication that increases the awareness of mental health warning signs, campaigns to reduce the stigma of seeking mental health support, and the promotion of health plans and public resources.
- 3. **Governments** need to attend to the mental health of the population. A population under strain is less likely to participate fully in the economy. The current focus on health and safety needs to expand to include a significant focus on mental health. This should include clear messages regarding coping strategies and the promotion of public resources.

The Mental Health Index[™] is published monthly, and measures trends over time.





Morneau Shepell is a leading provider of technology-enabled HR services that deliver an integrated approach to employee wellbeing through our cloud-based platform. Ou focus is providing world-class solutions to our clients to support the mental, physical, social and financial wellbeing of their people. By improving lives, we improve business Our approach spans services in employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. Morneau Shepell employs approximately 6,000 employees who work with some 24,000 client organizations that use our services in 162 countries. Morneau Shepell inc. is a publicly traded company on the Toronto Stock Exchange (TSX: MSI). For more information, visit morneaushepell.com.

