

The Centre for Optimism

Submission by The Centre for Optimism to the “Measuring What Matters” Deliberations of Treasury

Principal Points

- The Prime Minister and the Treasurer advocate optimism for Australia and regard it as an important Australian Quality
- Optimism is the key trait predicting healthy longevity; underpinning national leadership, Australia’s national reputation, innovation and community resilience.
- Most measures of optimism show it in decline in Australia, both at the personal level in economic optimism and consumer confidence. In the last decade, negative traits have been to the fore with a doubling of Australians on PBS prescriptions for anxiety and depression to the second highest level in the world.
- Broadening the measures for ‘what matters’ to include optimism will allow better and more coherent interventions to increase optimism, as well as ensuring a better understanding of the economy and society, especially for policy making.

Introduction

The Centre for Optimism (CfO) welcomes the opportunity to make this submission to the Treasury on how it can better measure ‘what matters’ to improve the lives of all Australians. We are conversant in the OECD framework indicators for Wellbeing and Progress and aware of other government initiatives to measure similar economic, social and environmental outcomes. Missing from these in Australia is a national framework, or central set of indicators to complement the existing reporting and tracking processes for measures including optimism.

The CfO is a global research and strategic advisory organisation (think-tank) with members and subscribers in 82 countries and headquartered in Melbourne. CfO focuses on helping individuals and organisations become more infectiously optimistic; understanding the value and role of optimism in contemporary leadership¹ in the public and private sectors, policy development, personal growth and organizational change.

Our principal research practice is asking people ‘what makes them optimistic?’ with active partnerships in positive leadership², transformation and change, post-covid work and annual conferences, such as the [Nelson Mandela Youth Leadership Summit](#)³.

Our Vision for Measuring Optimism Meets the PM’s Aspirations

Our Framework for a New Positive National Narrative⁴ answers the needs that the Prime Minister identified on the weekend of the 2022 election when he said: “I want to lead a government that has the same sentiment of optimism and hope that defines the Australian people. I want to be positive

¹ <https://www.centreforoptimism.com/leadership>

² <https://www.centreforoptimism.com/positiveleadershiptaskforce>

³ <https://www.centreforoptimism.com/the-nelson-mandela-youth-leadership-summit-2023>

⁴ <https://www.centreforoptimism.com/framing-a-new-optimistic-national-narrative>

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and channel the opportunity we have to shape change, so we bring people with us on the journey of change."

On Australia Day 2023, the Prime Minister said, "Australians uphold the qualities of opportunity for all, the respect for hard work, **the optimism** that drives aspirations and our instinct for fairness, decency and care and respect for each other."

This is built on his 2022 Ministerial statement on 'Closing the Gap' in which the PM concluded that our national character's innate qualities were **optimism**, decency, and generosity of spirit. These are the underlying elements of what Australia is commonly referred to as 'the lucky country'.

Despite these accurate observations, measures of **Australian optimism have been trending downwards** with the most recent being the 2023 Edelman Global Trust Barometer⁵ which found declining optimism across the developed world and even more so in Australia. The World Economic Forum included the loss of global optimism in its global risk register for 2022. The World Happiness Report 2022 picked up the same shortage of global optimism. McKinsey & Company and Rabobank Australia picked up the same trends for Australia - falling optimism in a country with a stereotype of relentless optimism.

The danger in this trend has been observed by Singapore's Senior Minister & Coordinating Minister for Social Policies, Tharman Shanmugaratnam, who said: "We have entered an era without precedent, certainly not in living memory, and it has led to a loss of optimism almost across the world... Creating bases for optimism has to be our central task everywhere in the world and through global collaboration. We must create bases for **optimism** to see ourselves through this long storm and to emerge intact; emerge a better place, and it can be done."

Through the CfO's regular global and national surveys, it has identified 'fear and intolerance' as undermining the democratic world order.

We believe the Measuring What Matters Report should **include measures of Australians' personal optimism and optimism for the nation and the world.**

To rebuild optimism, the CfO believes the nation must not only embrace the OECD indicators, but also the World Happiness Indicators, especially balance and harmony; the Gallup World Poll on life evaluations; and **build on the CfO's research on personal optimism, optimism in government and private sector policy making and in health and wellbeing.**

The CfO believes the public yearns for optimism and hope rather than pessimism and public squabbles. As a result, the Federal government has the opportunity to adopt an optimistic lens on policymaking and processes.

The Centre for Optimism's vision is for a future that is built from an optimistic mindset which reframes strategic and political thinking; which turns challenges into opportunities rather than constraints; which brings people together on the journey; and which is aligned to new possibilities that are limited only by individual and collective imaginations. In short, a future where optimism is the fuel for a better normal.

⁵ <https://www.edelman.com/trust/2023/trust-barometer>

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Therefore, our Vision for Australia is a 'lucky country founded on optimism, fairness, decency and care and a respect for each other'.

Achieving the Vision

There are several models that can be followed in stakeholder engagement to address the specific needs and circumstances for 'what matters'. CfO believes that best approach is the **Power-Interest model**. This involves analysing the level of power and interest that each stakeholder has in communities, organizations etc, and tailoring the engagement approach accordingly. Stakeholders with high levels of power and interest may require more extensive engagement, while those with lower levels of power and interest may require less.

This will afford the matrix for on-going measurement and community involvement in the key elements CfO is proposing below for the measurement approach.

Measuring 'what matters'

CfO proposes 10 key areas for measuring 'what matters'. These would be the basis for national framework approach founded on optimism and its underpinning attributes, along with potential associated measures. This framework comprises:

- 1. Caring and empathetic economy and society:** The importance of the care sectors in the economy and society must be founded on optimism and hope. The measures proposed include proportion of GDP accounted for by care sectors; employment growth in care; budget allocations to care including health care, and ageing; research in health.
- 2. Giving society** A giving society is a foundation of happiness and is based on gratitude as an element of optimism. Measures could include volunteerism; philanthropic investment; charitable donations per capita.
- 3. Collaborative and participative mission** Collaboration and sharing of knowledge, insights, collective experiences are key foundations for a 'decent, caring and respectful' society. This means reaching out to community and gaining their view and addressing them within the IAP2 Spectrum. Measures could include Business/Government collaboration; academia and industry collaboration; community engagement in public decision making (number of citizen juries or assemblies); projects with citizen scientists.
- 4. Trust and accountability in private, public and community sectors:** Trust and accountability is an essential pillar of a cohesive society. Research has highlighted the importance of trust in transactions and economic and social prosperity. Existing surveys which could be extended and widened includes Edelman's Global Trust Index; Corruption Transparency International index.
- 5. Innovation:** Optimists are innovators; experimenters willing to take and manage risk. The proposed set of metrics would encompass expenditure on research; expenditure on business innovation; introduction of innovations in government and community service delivery.

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6. Resilience and hope: An optimistic economy and society is one that is resilient, seeing opportunity and hope in the face of challenges. Proposed measures include humanitarian aid assistance; humanitarian migration share of total migration; mental health improvement, such as reduced depression and suicide rates; and reduction in homelessness.

7. Empowerment: All research shows that empowered individuals and organisations drive positive change. The key metrics proposed here are diverse populations represented in parliament; establishment of the voice; reduced income and wealth inequality; female participation in the labour force.

8. Sustainability: Optimists think of the future, of generations to follow and sustainable practices to leave society in as pristine shape as possible. Key measures here are green GDP; research expenditure on environment; Co2 emissions; and Yale Environment Protection Index.

9. Happiness: Optimists tend to be happier and promote happiness, individually and collectively. A range of surveys and indices are collected around the world. Two stand out: the World Happiness Index⁶; and Happy Planet Index⁷.

10. Optimism: Optimism must also have its measurements. Optimism is an individual difference variable that reflects the extent to which people hold generalised favourable expectancies for their future. Optimism is a state of mind, not a state of the world. At its simplest, optimism is an expectation that good things will happen and that things will work out in the end.⁸ The CfO believes that the measurement for optimism in ‘what matters’ should include personal, economic, national and global measures.

Measuring Optimism

Personal Optimism: Ask “What makes you Optimistic?”

We believe that a measure of personal optimism should be included in the Measuring What Matters Report. We have demonstrated that this can be done at a township level, corporate level, in health settings, school and even prisons. In the West Wimmera town of Kaniva, our study was so inspiring that a town meeting declared Kaniva to be ‘the most optimistic town in Australia’⁹ with continuing positive ripples in driving economic and social development.

The simplicity of our question “What makes you Optimistic?” means that a wide measurement can be cost-effective – we have used doorknocking, street-walks and a 5-minute web version which easily sets the context.¹⁰

⁶ <https://worldhappiness.report/>

⁷ <https://happyplanetindex.org/>

⁸ <https://www.centreforoptimism.com/whatisoptimism>

⁹ <https://www.centreforoptimism.com/blog/kaniva>

¹⁰ See Professor Martin Seligman spontaneously answering the question:

https://twitter.com/victorperton/status/1159270126669090816?s=20&t=C22nr6cZie0_51jzuK1Yrg

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For the first Measuring What Matters Report we would advocate samples of several thousand from urban, regional and rural settings, we well as in parts of Australia beset by natural disaster and in areas unaffected by disaster.

Optimism About the Nation and Optimism about the World: Lowy, McKinsey, Edelman and others have reasonable surveys about these questions. These could be scaled up to achieve measures which would satisfy Treasury's desire for statistical significance.

Conclusion

The Treasury has an opportunity to set a new pathway for Australia in not only how Australia is perceived globally, but also how the Federal government is perceived by its citizens and how the citizens perceive their own wellbeing and progress.

The CfO research to date highlights how levels of optimism are relevant to the mental and physical health of the community, quality of relationships, leadership, strategy, innovation, resilience and the economy. Research by Harvard, the US military and others back this up.

Optimism about the economy, local, national and global, is relevant to business decisions, capital information and foreign direct investment. It is also deeply relevant to the economic welfare of the citizen and their education, training, career risks, home purchase etc.

This analysis provides the Treasury with the opportunity to address not only a decline in the personal optimism of Australians, but also the dramatic decline in optimism about the nation – and be a global leader.

As the Federal Treasurer stated in his recent essay "Capitalism after the crises": "My optimism doesn't just come from the beginning of a new year, it comes from believing that, amid all the difficulties, 2023 will be the year we build a better capitalism, uniquely Australian – more confident and forward-thinking; more aligned with our values; based more on evidence and integrity; more capable of building resilience, not just building buffers. **Optimism and realism – two defining characteristics of our people, and of the best of their governments.**"

For Follow Up Meetings and Commentary:

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