



## **Submission to the Economic Reform Roundtable**

### **Australia's \$4.2 trillion opportunity for economic reform**

Australia's superannuation system, projected to reach \$9 trillion by 2040, represents an unprecedented opportunity to mobilise patient capital for social infrastructure that delivers both institutional grade returns and essential community services. The Economic Reform Roundtable presents a defining moment to unlock this pool of capital through proven investment models that align financial performance with measurable social outcomes. At For Purpose Investment Partners (FPIP), founded by Michael Traill AM, we have demonstrated that ethical, long-term investment in aged care, disability services, and education is delivering both financial and social value without compromise.

### **About FPIP**

We are a not-for-profit impact investment manager established in 2018, investing in businesses across aged care, education, disability services and specialist disability accommodation. Through our Social Impact Fund I, we have proven that applying institutional business disciplines to social sectors delivers both strong risk-weighted returns for investors, and transformative outcomes for the people we serve. Our model is grounded by the experience Mr Traill brings from his role in establishing Australia's largest social enterprise, Goodstart Early Learning.

### **Aligning with the global shift to impact-driven capitalism**

FPIP operates within the emerging global framework of "Capitalism 2.0," which shifts from prioritising only risk and return to embracing risk, return and impact in all business and investment decisions. Capitalism 2.0 considers that impact is central to all business, government and investment decisions. This aligns with the government's own policy initiative to measure what matters through a wellbeing framework. Australia can lead this transformation by mobilising superannuation capital through structures that ensure:

- Patient, long-term investment horizons aligned with social infrastructure needs
- Rigorous measurement of both financial returns and social outcomes
- Professional governance with deep sector expertise
- Not-for-profit structures that reinvest surpluses for community benefit.

### **Proven performance through ethical alignment**

Our investment approach delivers measurable results. For example, our aged care platform has:

- Increased registered nurse hours by 30%, enhancing quality of care
- Reduced serious incidents to less than one-third the industry average
- Reduced external complaints to one-quarter the industry norm
- Maintained occupancy rates significantly above sector benchmarks.

This performance stands in stark contrast to recent failures in human services sectors where misaligned ownership structures have compromised quality. The early learning sector's challenges demonstrate what happens when profit maximisation supersedes purpose - a lesson that reinforces the need for structurally aligned investment models across all human services.

## Five recommendations to reform our economy through impact investment

1. **Implement the social impact wholesaler** Establish the Commonwealth-backed wholesaler recommended by the Social Impact Task Force to bridge the gap between institutional capital and social enterprises.
2. **Create an early-stage foundation** to provide capacity building, mentorship and support for social enterprises to help them access capital, as recommended by the Social Impact Task Force. This foundation would address the critical gap in supporting nascent social enterprises before they reach investment readiness, encouraging innovation and growth.
3. **Modernise superannuation regulations**
  - Update interpretation of the 'sole purpose' test to explicitly recognise the indirect benefits of social infrastructure investments
  - Reform *Your Future Your Super* benchmarks that currently penalise long-term social infrastructure allocations
  - Create dedicated asset class recognition for social impact private credit.
4. **Streamline Tax and Regulatory Alignment** Coordinate federal and state mechanisms to provide rapid access to tax exemptions (payroll, GST, FBT) for verified social impact structures, removing bureaucratic barriers to mission-aligned investment.
5. **Partner on Sustainable Service Pricing** Work with mission-aligned providers to develop pricing models that balance operational efficiency with quality outcomes, particularly for services supporting vulnerable Australians.

## Transforming Australia's Economic Future

The scale of opportunity is transformative. With Australia's superannuation assets projected to reach \$9 trillion by 2040, even conservative allocations would revolutionise social infrastructure:

- **1% allocation:** \$42 billion for social infrastructure investment
- **2-3% allocation:** \$84-126 billion to transform essential services
- **5% allocation:** \$210 billion—sufficient to address Australia's social infrastructure deficit.

This is not speculative. Global impact investing has grown to \$260 billion, with responsible investing reaching \$26 trillion internationally. Our own experience shows these investments deliver competitive returns while addressing the productivity agenda's core challenges: creating a resilient economy, building workforce capability, and delivering quality care efficiently.

**The Economic Reform Roundtable represents Australia's moment to lead. By aligning our world-leading superannuation system with proven impact investment models, we can demonstrate that superior financial returns and transformative social outcomes are not competing objectives - they are the twin engines of sustainable economic growth.**



**Michael Traill AM**

Executive Chair and Executive Director  
For Purpose Investment Partners