

## THE AUSTRALIAN

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# Caymans offer high standards for the world, not just tall poppies

STIRLING LARKIN THE AUSTRALIAN OCTOBER 16, 2015 12:00AM

**During a year when a free-trade agreement with China has become a hot-button issue for a number of reasons, including the fact that our trading partner's thresholds for the "rule of law" are somewhat below ours, it becomes trivial to watch the mountain being made out of a molehill surrounding Prime Minister Turnbull's private Caribbean investments.**

This is because the British-founded Cayman and Bermudian banking centres remain central to global wholesale and institutional investing and broadly speaking, maintain the higher standards of "rule of law" and custodial rules surrounding funds in comparison to any other jurisdiction, including those found in Switzerland, London or New York.

Not only do wealthy Australian investors maintain investments within this pivotal jurisdiction, it could be fair to assert that a vast majority of working Australians, including Senator Dastyari, do also.

This is because Australian superannuation funds — for instance — who are institutional participants in these circumstances, benefit from Cayman holdings, since their own foundations during the early 1990s.

As The Australian has previously noted, contrary to the Hollywood popularisations of the Caribbean and specifically the Caymans, as one big affluent-only savings bank, the reality is starkly different.

At the institutional investor level, Cayman financial infrastructure hosts global funds, investment vehicles and bespoke entities, which serve to aggregate and then deploy important investment capital — often towards the US — under British-administered legal guidelines.

Such legal as well as operational clarity found within such frameworks has served OECD economies tremendously well since World War II.

Within any jurisdiction there will obviously be some pariahs but the Caymans suffer these no more or less than anywhere else.

Australian high net worth investors and their wealth advisers have both visibility and clarity regarding the proper Australian tax treatment of Cayman, Bermudian, Isle of Man and other offshore revenue and capital distributions.

This established jurisprudence provides certainty to both investor and the tax man.

The great irony is that Bill Shorten, in particular, should understand this, given that when he was assistant treasurer in 2011, he personally released draft legislation to reform the controlled foreign company and foreign accumulation fund rules, which beyond a shadow of a doubt, clarified almost all.

Shorten is well aware of this and is abiding by the highest rule of Australian politics: cut tall poppies down when and if you can.

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