

s 45

Treasurer

**FOREIGN INVESTMENT - REQUEST TO CHANGE UNDERTAKINGS IN RESPECT OF THE CUBBIE STATION ACQUISITION**

**Timing:** By <sup>s 45</sup> so that we can inform the applicant before the deadline to meet the undertaking which is <sup>s 45</sup>

**Recommendation:**

- That you agree to allow an additional three years for Shandong RuYi Technological Group Co. Ltd (**RuYi**) to sell-down its share of Cubbie Station <sup>s 47G</sup>

**Agreed/Not Agreed**

<sup>s 47C</sup>

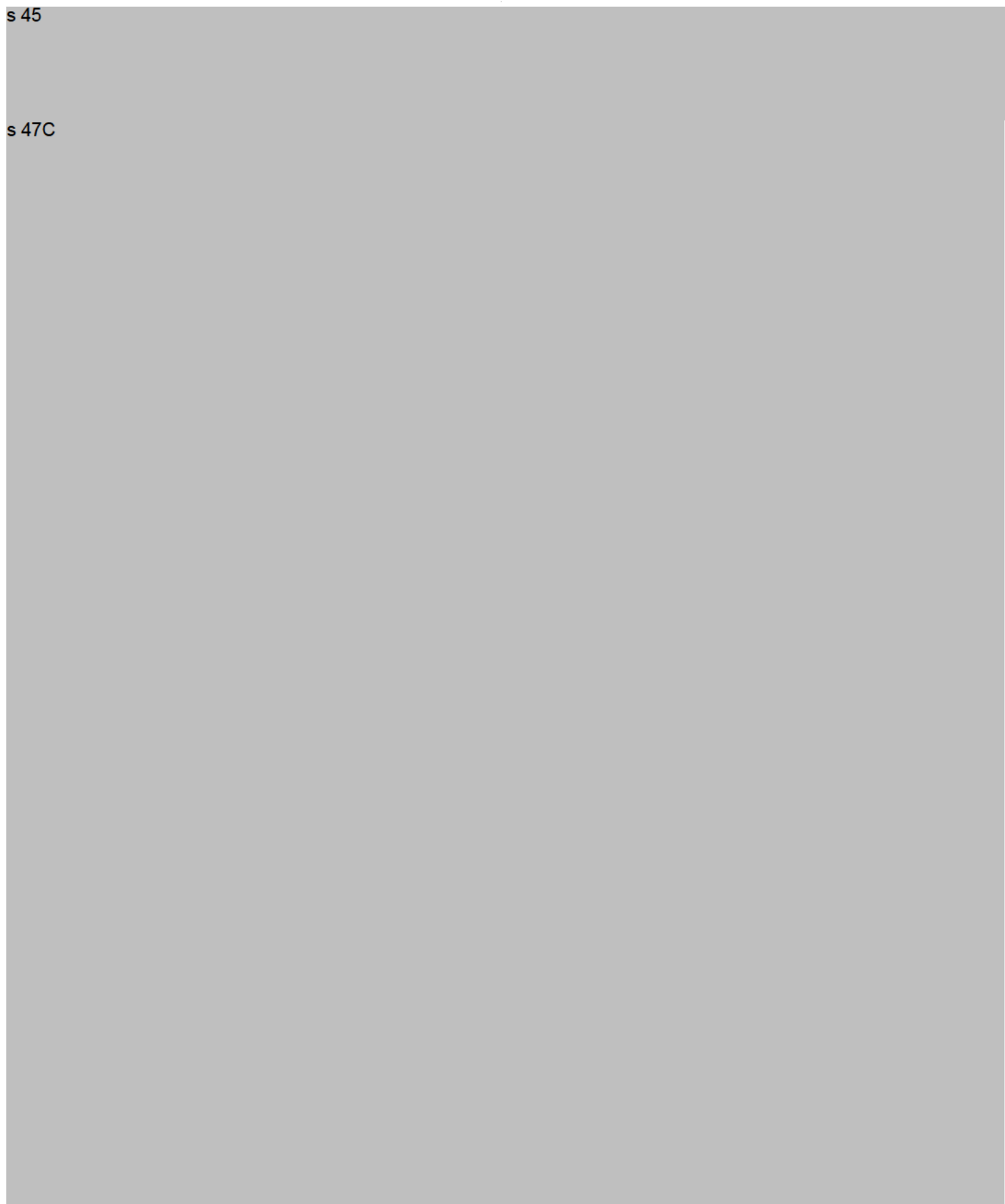
**Agreed/Not Agreed**

Signature: ..... /..... <sup>s 45</sup>

s 47G, s 45

s 45

s 47C



s 22



Trevor Thomas  
Acting Division Head  
Foreign Investment and Trade Policy  
Division

Contact Officer

s 22



**ADDITIONAL INFORMATION**

**General background**

- On 31 August 2012, the then Treasurer announced that Chinese textile manufacturer Shandong RuYi Scientific & Technological Group Co. Ltd (**RuYi**) and the Australian wool trader Lempriere Pty Ltd (**Lempriere**) had received approval to acquire 100 per cent of the assets of Cubbie Group Limited (**Cubbie Station**) through a company, owned 80 per cent by RuYi and 20 per cent by Lempriere, for \$230 million. The acquisition took place on 24 January 2013.
- Since acquiring the property, RuYi has invested in the operation and improvement of Cubbie Station, including carrying out major capital works, upgrading water pumping infrastructure, maintaining roads, storage and drainage infrastructure and improving irrigation fields to improve water use efficiency and increase production yields. In addition, RuYi has acquired the Dirranbandi Ginnery (now known as the Cubbie Ginnery) and spent \$5 million to improve its working capacity and operating safety. An additional 45 staff are now employed.
- Australian staff have attended cotton production, irrigation equipment fabrication, processing and spinning operations in China as part of an exercise to share knowledge of production and irrigation techniques, product requirements and building additional customer relationships.

s 45



Pages 4-9 are  
exempt in full  
under sections 45  
and 47G(1)(a)

FOREIGN INVESTMENT REVIEW BOARD MINUTE

PDR No: MS<sup>S</sup><sub>4E</sub> 004440

s 45

Treasurer

**FOREIGN INVESTMENT - REQUEST TO CHANGE UNDERTAKINGS IN RESPECT OF THE CUBBIE STATION ACQUISITION**

**Timing:** By <sup>s 45</sup> [redacted] so that we can inform the applicant before the deadline to meet the undertaking which is <sup>s 45</sup> [redacted]

**Recommendation:**

- That you agree to allow an additional three years for Shandong RuYi Technological Group Co. Ltd (**RuYi**) to sell-down its share of Cubbie Station <sup>s 47G</sup> [redacted]

Agreed/Not Agreed

<sup>s 47C</sup> [redacted]

Agreed/Not Agreed

Signature: .....  .....

<sup>s 45</sup> [redacted]

<sup>s 47G, s 45</sup> [redacted]

**FOREIGN INVESTMENT REVIEW BOARD MINUTE**

PDR No. MS<sup>S</sup><sub>4F</sub> 000187

s 45

Treasurer

**FOREIGN INVESTMENT: SHANDONG RUYI – VARIATION OF UNDERTAKINGS IN RESPECT OF THE CUBBIE STATION ACQUISITION**

**Timing:** By s 45 prior to the expiration of the existing undertaking. s 47C  
s 47C

**Recommendation:** That you:

- s 47C  
s 47C, s 45

**Noted**

- s 47C

**Agreed / Not Agreed**

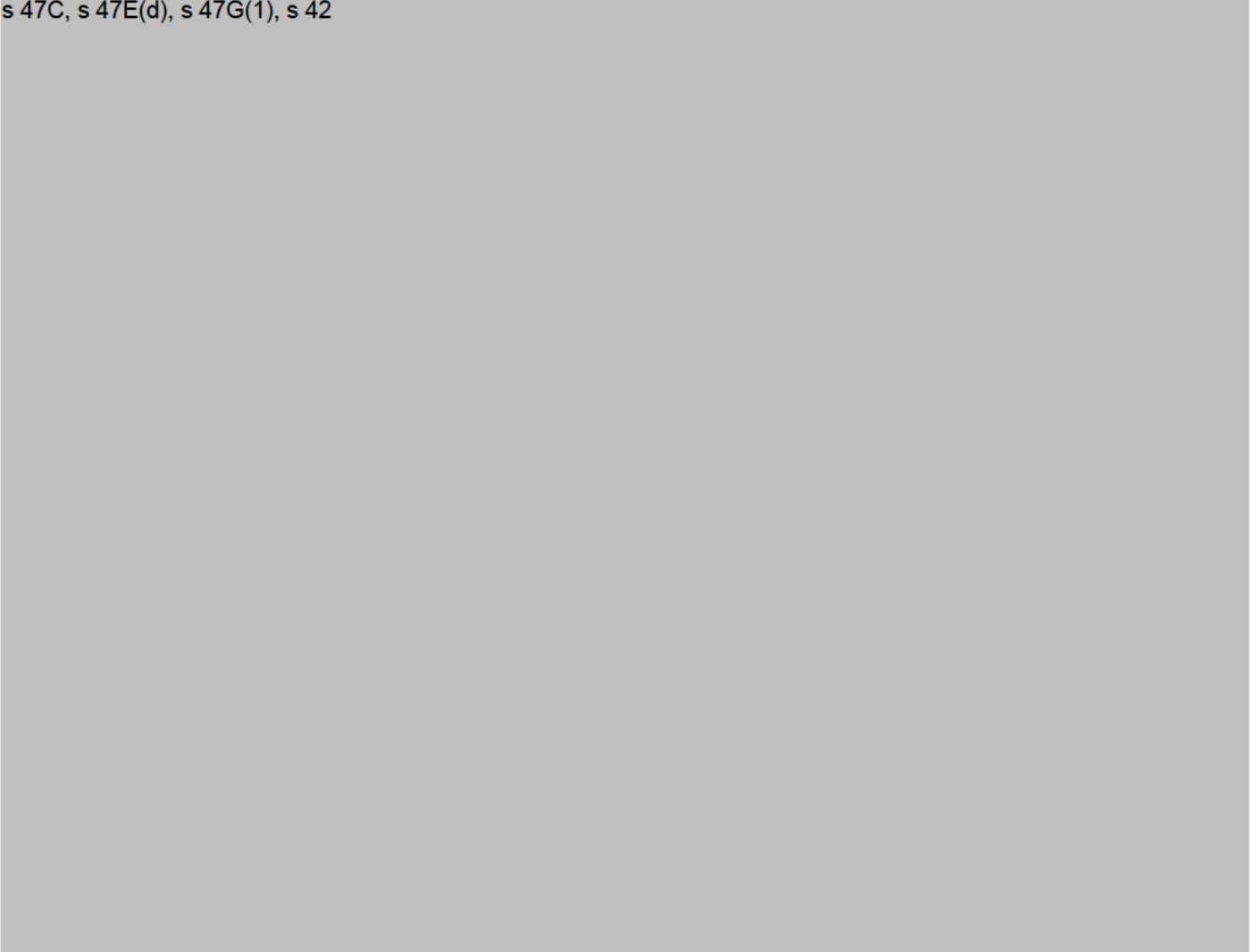
- s 47C

**Agreed / Not Agreed**

Signature: ...../..... s 45

s 45

s 47C, s 47E(d), s 47G(1), s 42




s 42



s 42



s 47E(d), s 47C



s 22



Victoria Anderson (x2814)  
Chief Adviser  
Foreign Investment Division

s 22



**ADDITIONAL INFORMATION**

**Recent media attention: Cubbie Station**

- As you would be aware, recent media attention has made an association between Cubbie Station and environmental/water allocation issues, including the death of hundreds of thousands of fish in the Lower Darling River.
  - Newspaper articles and social media have linked the cotton industry (and Cubbie Station in particular) with excessive water extraction upstream leading to less water and poorer water quality downstream. Although this is not a new issue, drought conditions and the recent fish deaths have heightened public attention.
  - Both the federal and NSW governments are investigating the fish death issue to determine causes, and there is no evidence at this stage to suggest operations at Cubbie Station have contributed to the problem.
- Queensland and New South Wales authorities have been criticised for over-allocating water in the Murray-Darling basin to cotton farms with particular attention to Cubbie Station, being the largest irrigation property in the Southern Hemisphere.



**SENSITIVE**

5

**ATTACHMENT A**

**LETTER TO SHANDONG RUYI**

(Please find letter on the next page)

**SENSITIVE**



**STANDING TALKING POINTS IN RELATION TO FOREIGN INVESTMENT APPLICATIONS**

- The Government does not comment on specific foreign investment transactions due to strict confidentiality and privacy law requirements.
- The Government, through the Foreign Investment Review Board, monitors and works with investors to ensure that obligations or undertakings entered into as part of the FIRB approval process are being met. The FIRB and Treasury do not comment on the details of foreign investment screening and subsequent processes as they apply or could apply to particular cases. This includes compliance with any conditions or undertakings imposed on any particular foreign investment approval.

s 22

**From:** s 22  
**Sent:** s 45  
**To:** s 22  
**Subject:** Cubbie written material [DLM=Sensitive]  
**Attachments:** Draft letter to Shandong RuYi.docx; MS18-004255 Supplementary minute for AGS Review.docx

s 22

s 47C

s 45

s 42

s 47C

s 22

s 22  
A/g Principal Adviser  
Foreign Investment Division  
The Treasury, Langton Crescent, Parkes ACT 2600  
phone: s 22 email: s 22 [@treasury.gov.au](mailto:s 22@treasury.gov.au)

s 22

**From:** Tony McKenna <tmckenna@ruyiaustralia.com>  
**Sent:** s 45  
**To:** s 22  
**Cc:** s 22; paulb@cubbie.com.au  
**Subject:** RE: Shandong RuYi: Letter from the Treasurer varying conditions of s 47E(d) [DLM=For-Official-Use-Only]

Dear s 22

Thank you for sending the letter from the Treasurer and for your offer to further discuss the FIRB process for any incoming partner.

We shall continue to keep you informed of progress.

Kind regards

Tony

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**From:** s 22  
**Sent:** s 45  
**To:** Tony McKenna  
**Cc:** s 22  
**Subject:** Shandong RuYi: Letter from the Treasurer varying conditions of s 47E(d) [DLM=For-Official-Use-Only]

Dear Tony

As foreshadowed by Victoria Anderson last Friday, please find attached a letter from the Treasurer in response to your letter dated 11 October 2018. Apologies for the delay in sending this to you.

s 47G

Thank you for the additional information provided last week s 45  
[redacted]  
[redacted] are also happy to meet with you or any potential partners to discuss progress and the FIRB implications of any contemplated transaction as you have anything to share.

Kind regards,  
s 22

s 22  
Manager  
Foreign Investment Division  
The Treasury, Langton Crescent, Parkes ACT 2600  
phone: +s 22 email: s 22 @treasury.gov.au

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