

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

17 October – 18 October 2012

Question: SBT 157-162

Topic: Cubbie Station

Written: Received from Committee – 26 October 2012

Senator JOYCE asked:

Regarding the recent FIRB approval of the proposed purchase of Cubbie Station by a foreign interest:

157. What is the formal or informal link, if any, between Shandong RuYi Group – one of China's leading clothing and textile producers (and the dominant (80 per cent) interest of the purchasing consortium) – and the Chinese government?
158. What checks did FIRB make, or how did it satisfy itself that Shandong RuYi Group has been operating all along at true arm's length from the Chinese government, and that such a true arm's length relationship will continue in the future? What will be the consequences, if any, should this relationship not remain at true arm's length? Are there any conditions in the FIRB approval in relation to such an occurrence?
159. How is the finance of Shandong RuYi Group being raised, and what bank or other source(s) is providing it? What is the nature of this source's (or these sources') relationship with the Chinese government?
160. Given that the sale price has been revealed to have been below \$244 million – the monetary threshold that triggers FIRB referral and approval – why did this proposal ever go, or get referred, to FIRB if the foreign interest involved was a normal private company?
161. In Senate Estimates questioning on the FIRB approval of the Cubbie proposal – in particular, Shandong RuYi Group's relationship, if any, with the Chinese Government – a Treasury official (Ms Reinhardt) said that, "They are a private company, a family-run company. They are 70 per cent Chinese family owned company and 30 per cent Japanese investor." If all of this statement is correct, could this important answer be clarified or embellished a little, for information and the record?
162. If correct, what/who is the Chinese family that owns such a large part of this very large clothing and textile company group in China? What are some of this family's current or past links, if any, with the Chinese government?

Answer:

The Government is unable to comment on the application of the foreign investment screening arrangements to the acquisition of the assets of Cubbie Group Limited by Shandong RuYi Scientific & Technological Group Co. Ltd and Lempriere Pty Ltd, beyond the information that was provided in the Deputy Prime Minister and Treasurer's press release of 31 August 2012 (see <http://www.treasurer.gov.au/wmsDisplayDocs.aspx?doc=pressreleases/2012/079.htm&PageID=003&min=wms&Year=&DocType=0>). This reflects long standing assurances provided to foreign investors to treat information received confidentially.