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# FINANCIAL REVIEW

SE Market Wrap - Street Talk  
HD NSW meets State Grid, CKI execs on Ausgrid particulars  
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LP The NSW government has told Ausgrid's two bidders that it wants a buyer that can improve the electricity distributor's reliability and deliver efficiencies, rather than settling for the highest price.

Street Talk can reveal the two parties flew in their respective sets of offshore heavyweights for meetings with NSW officials earlier this month to kick off the final round of Ausgrid's auction.

TD Sources said officials from [Hong Kong-listed Cheung Kong Infrastructure and utility State Grid Corporation of China](#) were keen to press the flesh with their potential co-owners for the state's crown jewel power asset. The government is offering a 50.4 per cent stake and will retain the minority share.

The key message to come out of the meetings was that the government, advised by [UBS](#) and Deutsche, will look at a host of factors as well as price as it considers bids. The talks centred on the parties providing evidence on how they plan to run the asset in a reliable and efficient way. The government is said to have ramped up specific requirements and wants suitors to show how they will make Ausgrid more efficient.

This includes operational and cost efficiencies, and the government is citing examples of resulting efficiencies in similar asset sales in other states.

Victoria and South Australia are among states that have privatised their electricity networks, while the slated sell-off of Western Power looms as a key election issue in Western Australia.

It seems to be a matter of when, not if, Queensland also reconsiders its power assets.

Sources said the government also reconfirmed its commitment to have a deal signed in July. The stake is expected to be worth about \$10 billion.

With the heavyweights now out of the country, it's up to their local teams to meet Ausgrid management, work through due diligence and finalise financing. The Ausgrid auction has become a two-horse race. Earlier this month, Street Talk revealed that China Southern and its co-investor, [China Investment Corporation](#), had opted not to participate in the auction and released all of its lenders, banking and legal advisers.

Elsewhere, and as revealed by Street Talk on Monday, Ord Minnett has appointed former Commonwealth Bank operative Nick Burmester to lead institutional equities. Burmester was head of emerging companies at CBA Equities, prior to the bank shutting its institutional business, and also had a stint at Evans & Partners

Ord Minnett, chaired by Karl Morris, focuses on emerging companies.

The appointment comes at a busy time for the firm, which is advising on the IPOs of Midway, Booktopia and Shaver Shop, and the trade sale of Nature's Care.

CO chkinf : Cheung Kong Infrastructure Holdings Ltd | stgcoc : State Grid Corporation Of China | ckh : CK Hutchison Holdings Limited | hutwam : Hutchison Whampoa Limited  
IN i16 : Electricity/Gas Utilities | iutil : Utilities | i16102 : Electric Bulk Power Transmission | i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction | ieutil : Electric Utilities  
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