

FINANCIAL REVIEW

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HD Security query on NSW power

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LP Technicians from a Chinese company considered the frontrunner in the race to buy the \$9 billion NSW electricity network were thrown out of the Philippines earlier this year over national security concerns.

The revelation comes after the controversy over the granting of a 99-year lease for the Port of Darwin to a Chinese company with links to the People's Liberation Army, and indications the lease was not subject to proper foreign investment scrutiny.

TD The furore has put the spotlight on the process for considering bids for the NSW power grid - which includes fibre optic cables used by defence and intelligence facilities. Final bids on the grid are due this week.

Earlier this year, the Philippine's government refused to renew the work visas of 16 Chinese experts employed by the [National Grid Corporation of the Philippines](#) when they expired in July.

The Diplomat website reported that the Chinese state-owned firm [State Grid Corporation of China](#) has had a 40 per cent stake in the NGCP, which runs the national power grid of the Philippines. State Grid is now part of a consortium, which includes [Macquarie Bank](#), bidding to buy the NSW power grid, known as [TransGrid](#).

Philippines energy secretary Carlos Jericho Petilla said the government now wanted only Filipinos working there. Mr Petilla openly acknowledged that concerns about the presence of the Chinese experts stemmed partly from the ongoing South China Sea disputes between the Philippines and China.

But he also said that some officials in Philippines government agencies and bodies like the National Security Council were uncomfortable with the national electricity grid having Chinese experts involved.

The Diplomat website went on to report that "interestingly, Petilla also reportedly wondered aloud why others did not have similar fears because the Chinese firm also has similar partial ownership in other countries like Australia".

State Grid was given FIRB approval in 2013 to buy 19.9 per cent of AusNet from [Singapore Power](#) in 2013 on the condition, according to then Treasurer Joe Hockey, that "at least 50 per cent of the members to be appointed by State Grid ... are Australian citizens who are ordinarily resident in Australia".

It was reported in July that [Singapore Power](#) had been forced to deny being in collusion with State Grid to block a decision of AusNet to bid for [TransGrid](#). The two companies also ended the term of non-executive director Tony Iannello, who was leading the bid for the NSW grid.

The corporation already owns part of Melbourne's electricity network, the NSW gas distribution grid and the main gas pipeline from Bass Strait to Sydney.

It was reported last week that tough national security requirements were expected for foreign bidders for the network, with Chinese bidders prevented from having any staff in management positions, and directors requiring a security clearance, under the terms of FIRB approval.

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i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction | ieutil : Electric Utilities | iutil : Utilities |
i16102 : Electric Bulk Power Transmission

NS ccat : Corporate/Industrial News

RE phlns : Philippines | austr : Australia | china : China | singp : Singapore | apacz : Asia Pacific | asiaz : Asia | ausnz :
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