

Interview: Netflow's Phil Dreaver

Baron Laudermilk

22/02/2017

Netflow, a joint venture between Cintra and Plenary, was established to compete for new road infrastructure projects across Australia and New Zealand.

In an exclusive interview with *IJGlobal*, Phil Dreaver, the managing director of Netflow, said that the new joint-venture aims to finance and develop toll road and concession projects across the region, and that the growth of Australian cities was creating opportunities.

“With significant population growth projections, specifically in Brisbane, Melbourne, Sydney and Perth, there will be increased demand for transport infrastructure. When government policy direction points to road projects, we will be ready to assist in applying our experience,” said Dreaver.

Indeed congestion in the largest capital cities in Australia has been growing. Melbourne is Australia’s fastest growing city, according to data released by the Australian Bureau of Statistics (ABS). Melbourne’s population grew by 2.1% in 2014-15, while Darwin was the second fastest growing (1.9%). Australia’s major cities accounted for the vast majority (83%) of the nation’s total population growth in 2014-15, with most growth occurring in outer suburban and inner city areas.

Toll roads have helped mitigate congestion by allowing road infrastructure to be provided earlier than would have been possible under the traditional model of road provision. Road users have benefited from toll roads in the form of reduced travel time and vehicle operating costs, and improved safety. Studies by KPMG, have found that toll roads have made a net positive contribution to the economic well-being of the country. With rising populations across Australian major cities, more toll roads will be tendered out by governments.

Dreaver told *IJGlobal* that future demand will allow Netflow to build toll roads across the region. Although Netflow has only been established since December last year, the firm has already been shortlisted for the \$1.8 billion Outer Suburban Arterial Roads (OSARs Program), which entails duplication and widening works to western arterial roads including:

- Dunnings Road and Palmers Road, from Point Cook Road to Princes Freeway, Point Cook
- Palmers Road, from Princes Freeway to Western Freeway, Truganina
- Derrimut Road, from Sayers Road to Dohertys Road, Tarneit
- Leakes Road, from Fitzgerald Road to Derrimut Road, Truganina
- Dohertys Road, from Fitzgerald Road to Grieve Parade, Laverton North
- Dohertys Road, from Foundation Road to Palmers Road, Truganina
- Princes Freeway/Forsyth Road interchange, Hoppers Crossing
- Duncans Road interchange, Werribee/Werribee South

The package will transform the outer-western road network by boosting capacity and improving road pavement conditions with intersection upgrades, almost 30km of lane duplication, and road maintenance. Construction is expected in 2018.

Netflow is also shortlisted against the Western Improvement Network consortium and the Western Roads Partnership consortium.

Netflow's boss sees a major way of building his firm's name in the market, which is by winning Sydney's \$16.8 billion WestConnex tollroad project, the largest toll road project in Australia's history. Right now the New South Wales Government is working through potential divestiture options.

The project consists of:

- Widening the M4 between Parramatta and Homebush and extend it in underground tunnels between Homebush and Haberfield
- Doubling road capacity along the M5 East corridor with the New M5 underground tunnels running between St Peters and Kingsgrove
- Joining these underground routes together via the M4–M5 Link tunnel to form a seamless motorway without traffic lights
- Providing a western bypass of the Sydney central business district (CBD)
- Providing connections to the Western Harbour Tunnel and BeachesLink
- Providing a connection to Sydney Airport and Port Botany via Sydney Gateway

Dreaver is confident that Netflow can be competitive in the bid process. "We are keen to compete and we bring a strong level of experience to toll road projects. Cintra has 25 toll roads in its portfolio, with its largest investments in North America," said Dreaver.

Recently a Cintra and Meridiam-led consortium was named the preferred bidder by the Virginia Department of Transportation (VDOT) for the estimated \$2.3 billion Interstate [66 tolled expansion project](#).

Netflow managing director also added that Plenary, has extensive experience in the PPP civil space. Plenary Group has taken over the management of the [Peninsula Link in southeast](#) Melbourne, and the firm has also recently closed a contract for the [Victorian government's \\$1.48 billion](#) high capacity metro trains project. Another major advantage that Netflow has in the toll roads industry is its relationship with its sister company, Ferrovial Agroman, a Spanish company involved in the design and construction of transport, urban and services infrastructure.

When going through bidding processes, Dreaver will not only point out all the partners that Netflow has to complete toll projects, but will also show evidence of past success of Plenary and Cintra working together, where he played a key role. In August 2015, Nexus, the consortium developing the roughly A\$1.6 billion (\$1.2 billion) [Toowoomba Second Range Crossing](#) PPP, reached contractual close. The project entails the construction of a 41km bypass route for Toowoomba, which will connect Warrego Highway in the east at Helidon with the Warrego Highway in the west at Charlton and the Gore Highway at Athol. It is being procured as a 25-year plus construction design, build, finance and maintain concession. This project acquired international recognition by winning *IJGlobal's* [Asia Pacific Best Deals award](#) for roads in 2015.

"The success Cintra and Plenary had as part of the Nexus Infrastructure consortium in winning the Toowoomba Second Range Crossing project shows what we can achieve in this market," said Dreaver.

But Dreaver is aware that the competition is steep in Australia's toll road business. He is going against one of the largest infrastructure company in the world, Transurban. In Australia, Transurban is the full owner of CityLink in Melbourne, which connects three of the city's major freeways; and has stakes in six tolled motorways in Sydney. In America, the Australian-based firm has ownership interests in the 495 Express Lanes on a section of the Capital Beltway around Washington, DC. It also has stakes in the connecting 95 Express Lanes project on Interstate 95.

Even with Transurban dominating the local market, Dreaver believes that there is plenty of room left for Netflow to compete and contribute to the development of Australia and New Zealand's toll road and concession projects.

"We do believe there will be new opportunities in the market in the next two-three years, and we look forward to

competing on those,” Dreaver said.

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.