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## Road building costs underestimated up to a third

Cost blow-outs of up to 30 per cent on highway building projects are significantly more likely to occur than the 10 per cent allocation for risk that is often factored into projects, a Queensland University of Technology PhD researcher has found.



*Dr Garry Creedy*

Garry Creedy, from the CRC of Construction Innovation headquartered at QUT, studied the cost overrun risk factors on 230 highway delivery projects which had suffered final cost overruns of 10 per cent or more, undertaken in the past seven years.

He identified 37 risk factors on the client side that contributed to cost overruns.

"Some of the most significant risk factors were design scope overruns, unforeseen ground and drainage requirements, native title and environmental issues," Dr Creedy said.

"The tendency to underestimate or inadequately estimate the scope of the work is also compounded by contractors' tendered rates coming in higher than what the client had estimated."

He said highway construction had a "large footprint on the environment" which made it difficult for designers to adequately take into account all these risk factors during the estimating stage.

Dr Creedy correlated these risks, along with attributes such as highway project type, indexed project cost, geographic location and project delivery technique with the percentage cost overruns.

"In all, these risk factors can lead to an added 30 per cent extra on some highway projects.

Clients must take into account all these risk factors at the decision-to-build stage," Dr Creedy said.

Dr Creedy said the research should provide clients with better risk information for more realistic decision-to-build estimates by which to budget their projects.

His graduation in March 2007 has been the culmination of three years of a research scholarship provided by the CRC for Construction Innovation and he is the first PhD graduate from QUT's School of Urban Design that has been sponsored by the CRC for Construction Innovation.

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**\*\* High res pic of Dr Creedy available for media use**