GOVERNMENT OF WESTERN AUSTRALIA

DFES Department of Fire & Emergency Services

DRFAWA FACT SHEET

Non-construction Costs in Estimated Reconstruction Costs

Information for local governments and state government agencies

This fact sheet explains how eligible non-construction costs are identified and calculated when establishing Estimated Reconstruction Costs (ERCs) for Essential Public Asset Reconstruction (EPAR) works under the Disaster Recovery Funding Arrangements Western Australia (DRFAWA).

What are non-construction costs?

Non-construction costs support delivery of an eligible reconstruction project but are not direct physical construction activities.

How non-construction costs are calculated

The National Emergency Management Agency (NEMA) has provided national guidance on the calculation of non-construction costs which has been incorporated into the EPAR cost estimate template, using the percentage-based method provided by NEMA. This provides a consistent, repeatable, and auditable approach to calculating eligible non-construction cost components as part of the total eligible ERC.

The percentages are maximum allowances and are applied at the treatment level based on level of complexity.

Table 1: Maximum percentages for non-construction costs

Component	Calculation basis	Low Complexity	Medium Complexity	High Complexity
Project design	Construction costs	6%	10%	15%
Project management	Construction costs	7%	11%	15%
Contingency	Base estimate	9.6%	12%	16%
Cost escalation	Project estimate	Per approved indices	Per approved indices	Per approved indices

Table 2: Reconstruction treatments and typical complexity rating

Reconstruction Treatment	Description	Typical Complexity Rating
Unsealed Road Treatment	Grading and re-sheeting of unsealed roads	Low
Road Furniture Delineation	Repair or replace road signage, markers, guardrails and road furniture	Low
Clearing debris	Removal of disaster-related debris from essential public assets	Low
Sealed Road Treatment	Localised patching or full-depth repairs of sealed roads	Medium
Earthworks	Excavation and earthworks required to reconstruct an asset	Medium
Concrete Works	Repair or reconstruction of concrete structures such as kerbs	Medium
Culverts and Drainage Structures	Excavation, repair, and reinstatement of drains and culverts	Medium
Protection Works	Repair or construction of rock protection structures	Medium
Geotechnical Works	Engineering works to assess, stabilise and modify ground conditions	High
Other	Other structures including bridges	Variable

Project design and management, and contingency percentages are applied to eligible construction costs for each treatment identified in the EPAR Cost Estimate Template. Cost escalation is applied separately and is based on the overall estimated project cost: construction costs (+) project design and management (+) contingency. Percentages for project design and management, contingency and cost escalation have been embedded in the EPAR cost estimate template.

Eligible and ineligible activities

Eligible project-related activities are those required to deliver the approved reconstruction works, such as design, engineering certification, site supervision and project management directly connected to the eligible project. General administration and costs not directly attributable to the specific reconstruction project are not eligible.

Examples of ineligible costs include:

- corporate overheads unrelated to the project

- learning and development
- program management
- claim preparation and assurance activities
- salaries or other costs unrelated to delivery of the eligible project

Important notes on review, claims and acquittal

Inclusion of non-construction costs in an ERC does not guarantee eligibility or reimbursement. All costs remain subject to DFES Recovery Funding review, DRFAWA eligibility requirements, reasonableness, value for money and supporting evidence. At claim and acquittal stages, applicants must be able to demonstrate that costs were incurred, were directly related to the approved eligible works, and are supported by appropriate records. For further information, please read the DRFAWA Fact Sheet: *Evidence Requirements for Reconstruction of Essential Public Assets*.

Further information and contacts

Further information on the DRFAWA, including fact sheets, guidelines and training is available here:

💻 DFES Recovery Funding website

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