GOVERNMENT OF WESTERN AUSTRALIA

DFES Department of Fire & Emergency Services

DRFAWA FACT SHEET

Employee Labour and Oncosts 2026-27

Information for local governments and state government agencies

This fact sheet provides guidance on the eligibility of employee labour costs and associated oncosts for local governments (LGs) and state government agencies (SGAs) under the Disaster Recovery Funding Arrangements Western Australia (DRFAWA). It explains which costs are eligible, how standard oncost rates are applied and the evidence required to support a claim.

This fact sheet will be updated each financial year to account for changes to the superannuation guarantee, workers' compensation rates, and to review any major changes to relevant awards or enterprise agreements.

Eligible labour costs

Under the DRFAWA, state expenditure (expenditure from LGs and SGAs) includes certain salaries and wages of employees and associated oncosts where these costs directly relate to the delivery of eligible measures in response to an eligible event. Labour costs may be claimed consistent with the table below.

Expenditure Type	Assistance Measure Category		
	Category B EW, EPAR-Lite, REPA	All other Category A/B	Category C/D^
Ordinary salaries/wages of existing employees of LGs and budget funded state agencies*	✓ Eligible	✗ Ineligible	✗ Ineligible
Ordinary salaries/wages of existing employees of non-budget funded SGA**	✓ Eligible	✓ Eligible	✓ Eligible
Overtime of existing employees	✓ Eligible	✓ Eligible	✓ Eligible
Ordinary salaries/wages of temporary employees/contractors directly engaged in the delivery of eligible activities or backfilling permanent employees	✓ Eligible	✓ Eligible	✓ Eligible
Overtime salaries/wages of temporary employees/contractors	✓ Eligible	✓ Eligible	✓ Eligible
Ordinary and overtime salaries/wages of existing employees of LGs seconded to other councils which have exhausted their own capacity to respond to an eligible event	✓ Eligible	✓ Eligible	✓ Eligible

*✓ Eligible labour costs, ✗ Ineligible labour costs, ^ Eligibility of labour costs under Category C/D is dictated by the approved Category C or D package by the Prime Minister and included in the Program Guidelines. Where not specified in the Program Guidelines, the above table applies. * Refers to state entities or agencies that receive a funding allocation (appropriation) from the state. ** Refers to state entities or agencies that do not receive a funding allocation (appropriation) from the state and operate independently.*

Labour costs (ordinary or otherwise) not directly related to the management or delivery of eligible activities, including ordinary costs of general administration or executive/management, are not eligible under the DRFAWA.

Project management costs may be eligible where employees directly manage the delivery of activities under a specific DRFAWA assistance measure. Program management, including broader governance, coordination and oversight across multiple projects or recovery activities, is not eligible.

Eligible oncosts

In addition to wages and salaries directly related to the delivery of eligible measures in response to an eligible event, certain oncosts are eligible under the definition of state expenditure. An overview of the types of oncosts and their eligibility is outlined in the table below. Oncosts must only be claimed for ordinary hours/salaries.

Expenditure Type	Eligibility	Description
Superannuation	✓ Eligible	Superannuation is calculated at the applicable statutory rate on an eligible employee's qualifying earnings, as defined by the Australian Taxation Office (ATO), or the rate required under the employee's contract, award or enterprise agreement. The minimum superannuation guarantee rate for 2026–27 is 12%. Superannuation may apply to amounts exceeding the statutory minimum where required under an employment instrument. For DRFAWA eligibility purposes, superannuation must be calculated consistently with the applicable ATO requirements and approved state oncost methodology.
Workers' compensation premiums	✓ Eligible	The claiming entity's total workers' compensation premium, expressed as a percentage of its total payroll costs.
Leave accrual	✓ Eligible	An annual percentage applied to wages which includes personal leave, annual leave, and long service leave, in accordance with an employee's contract, award or enterprise agreement, or applicable legislative requirements.
Leave loading	✓ Eligible	An additional percentage loading applied to annual leave pay, if required under an employee's contract, award or enterprise agreement, or applicable legislative requirements.
Payroll tax	✗ Ineligible	Payroll tax is ineligible under the DRFA as it is a state-based tax.
Administrative costs	✗ Ineligible	Not eligible under the DRFA. (e.g. HR, finance, assurance, IT)
Existing facilities oncosts	✗ Ineligible	Costs for existing facilities for employees (e.g. office space, car parking, kitchen supplies, IT equipment, software licences) are not eligible under the DRFA.

✓ Eligible labour oncosts, × Ineligible labour oncosts

Calculating oncosts

In order to minimise administrative burden, the Department of Fire and Emergency Services (DFES) has developed a set of standard oncosts that can be applied to all ordinary hours. SGAs and LGs can claim up to the rates in the relevant table in this fact sheet on top of all ordinary hours that are eligible under the DRFAWA, without additional supporting evidence for the oncosts.

Where a SGA or LG wishes to claim above these rates, supporting documentation must be supplied to evidence the calculation of oncosts in their entirety.

The oncosts methodology applies to ordinary hours for non-casual staff only. Where casual employees are claimed, only superannuation and workers' compensation may be included.

Process for claiming oncosts

DFES will add oncosts to claims when they are received.

2026-27 Oncosts for State Government Agencies

Public Service Award 1992

Component	Rate	Formula	Calculation Details	Award Clause
Annual leave	7.69%	=4/52	4 weeks over 1 year	23.2 (a)
Sick leave	3.85%	=2/52	2 weeks over 1 year	26.1 (a)
Long service leave	3.57%	=13/364	13 weeks over 7 years	25.1
Public holiday	3.85%	=10/260	10 days over 1 year	
Superannuation	12%	N/A	Current superannuation guarantee	
Leave loading	1.35%	=7.69%*17.5%	4 weeks over 1 year	23.11 (a)
Workers' compensation*	1.60%	N/A	N/A	WorkCover WA Recommended Premium Rates 2026-27
TOTAL	**33.91%**			

2026-27 Oncosts for Local Governments

Local Government Officers' (Western Australia) Award 2021
Local Government (Long Service Leave) Regulations 2024

Component	Rate	Formula	Calculation Details	Award Clause
Annual leave	7.69%	=4/52	4 weeks over 1 year	24.1.1
Sick leave	3.85%	=2/52	2 weeks over 1 year	25.2.2
Long service leave	2.50%	=13/520	13 weeks over 10 years	11
Public holiday	3.85%	=10/260	10 days over 1 year	
Superannuation	12%	N/A	Current superannuation guarantee	
Leave loading	1.35%	=7.69%*17.5%	4 weeks over 1 year	24.1.3
Workers' compensation*	1.20%	N/A	N/A	WorkCover WA Recommended Premium Rates 2026-27
TOTAL	**32.44%**			

** The standard local government rate applies to privately insured entities and may not apply to entities participating in a self-insurance arrangement, including the Local Government Insurance Service Workcare Scheme. The workers' compensation rates are based on WorkCover WA's recommended premium rates for 2026–27. An entity's actual premium rate may differ due to its insurance arrangements, claims experience, insurer loadings or discounts, and applicable premium rating classification. Where an entity claims above the standard oncost rate, it must provide evidence of the actual premium and calculation methodology.*

Evidence required to make a claim

Claims must be able to clearly demonstrate the assistance measure was required as a direct result of the eligible disaster and should include:

- Details of works completed.
- Evidence demonstrating the expenditure for salaries, wages and associated oncosts is directly related to the eligible disaster and assistance measures.
- Evidence demonstrating temporary (fixed term) employees and/or contractors have been engaged to directly deliver eligible assistance in accordance with the LG/SGA's financial, human resource and procurement policies. This may include documents relating to the recruitment and/or procurement processes followed, letters/contracts of engagement, job description forms, higher duties allowance records.
- Evidence demonstrating that temporary employees and contractors only performed activities directly related to eligible assistance for the eligible disaster.
- Where employee costs relate to resources provided by another LG, the claim must include evidence that the affected LG had exhausted its own capacity, formally requested the additional resources and documented the eligible activities performed. The same labour cost must not be claimed by both LGs.

Financial evidence requirements

- Timesheets for each resource claimed.
- General ledger, payroll and/or transaction-level reports detailing expenditure claimed for LG or SGA employees.
- Compliant tax invoices detailing the services provided, dates of supply and associated supporting evidence.
- Remittance advice and/or general ledger reports confirming payment of invoices.

For further information, please see the DRFAWA Fact Sheet: *Evidence Requirements for Works on Essential Public Assets*.

Claimants are expected to retain records as per ATO specifications for seven years and may be asked to supply additional documentation to satisfy auditing requirements:

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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