



ALGA

Australian Local
Government Association

Enabling Local Government Participation in the National Agreement on Closing the Gap

ALGA Response to the Closing the Gap Independent Aboriginal
and Torres Strait Islander Led Review

Executive Summary

Local governments can be a key to achieving the National Agreement on Closing the Gap (CTG) but remain underfunded and often excluded from implementation processes. Councils operate under constrained resources yet continue to expand their service roles, with many already embedding cultural safety, shared decision-making, and Aboriginal and Torres Strait Islander representation in governance and service delivery. State associations are also driving initiatives such as toolkits, leadership forums, and cultural competency programs.

Barriers to full participation include the absence of dedicated funding, misinterpretations of the Agreement that exclude First Nations-led councils, and limited internal capacity in many regions. These systemic challenges, rather than reluctance, explain the uneven involvement of councils across Australia. Best-practice examples, such as the Victorian council stocktake undertaken in partnership with *Ngaweeyan Maar-oo*, demonstrate how structured engagement and local partnerships can accelerate outcomes.

To enable councils to contribute fully, three elements are essential: clear role definition in state and territory implementation plans, dedicated and tailored funding streams, and co-designed frameworks to build capability. Recognition of First Nations-led councils in procurement and a funded plan to transition services to ACCOs with local government partnership will ensure continuity, equity, and sustainability. With investment and coordinated support, local governments can play a central role in delivering CTG outcomes.

Enabling Local Government Participation in the National Agreement on CTG.

This submission responds to the 2025 Aboriginal and Torres Strait Islander Led Review, focusing on local government's role in the National Agreement on CTG. It outlines the structural realities councils face, acknowledges areas for improvement, and demonstrates the sector's readiness to work in partnership with Aboriginal and Torres Strait Islander communities. It also sets out the support required to translate commitment into meaningful, sustained action.

1. Local Government's Role and Constraints

Local government is a party to the National Agreement on Closing the Gap through state and territory governments, which are formal signatories. ALGA, representing 537 councils nationwide—including First Nations-led councils in Queensland and the Northern Territory—also plays a role as a cosignatory, ensuring the interests of local government are represented through national advocacy

Councils operate under state and territory legislation, with limited funding as drawn mostly from rates, service charges, and untied Financial Assistance Grants. While these grants acknowledge Aboriginal and Torres Strait Islander needs in principle, they lack specific funding for CTG initiatives.

This financial constraint limits councils' ability to engage in culturally appropriate ways, especially as their service roles expand. ALGA has made multiple submissions to this effect, such as the [Senate Local Government Sustainability Inquiry](#), and the recent calls by ALGA for a Parliamentary Inquiry to address the challenges faced by local governments.

While the Review points to limited resources for local governments in the CTG space, and a subsequent lack of significant council activity, we acknowledge that there is room for improvement and call for enabling actions to support local government take further action.

2. Existing Efforts and Willingness to Engage

Many councils have yet to be formally engaged in CTG, but growing efforts are underway. State-based local government associations, as ALGA members, are playing a key role. For example:

- The Municipal Association of Victoria is establishing a formal partnership with *Ngaweeyan Maaroo*, to support their advancing of cultural competency and partnerships within the Victorian local government sector.
- LGNSW is developing a CTG Toolkit with Aboriginal Affairs NSW.
- LGAQ has hosted Indigenous Leadership Forums for over 12 years, supporting First Nations elected representatives.
- In the NT and QLD, several First Nations-majority councils are delivering community-led, locally relevant initiatives. These examples show a willingness to engage but highlight the need for stronger coordination, clear expectations, and targeted support.

ALGA's submission to the Indigenous Led Review also highlighted the work of several councils that have allocated significant time and funding to their own CTG strategies, that can be promoted as best practice, or a formula for other place-based initiatives that can be taken by local government.

3. Addressing the Issue of ‘Reluctance’ and Identifying Barriers

The Review refers to a historic reluctance by some councils to engage with Aboriginal and Torres Strait Islander communities:

“ALGA and their members point to systemic and structural resourcing issues impacting the ability of local governments to fully engage in National Agreement commitments, and their ability to support their members. However, there has been a historic reluctance on the part of local government to engage with Aboriginal and Torres Strait Islander communities who remain underrepresented at that level.”¹

Local governments across Australia are at different stages in their relationships with Traditional Owner groups, First Peoples communities, and their commitment to CTG. There is growing recognition across the sector of the importance of cultural safety, shared decision-making, and inclusion.

Progress is being made by many councils to strengthen cultural safety, foster inclusive governance, and address CTG targets. However, many councils, particularly in regional and rural areas, lack the internal capability, guidance, and resources required to engage respectfully and sustainably, and to embed CTG commitments into their strategic priorities.

Local government action would benefit from:

- Clear, role-specific guidance, resources on how to implement and redraft policies around CTG targets, best practice guides on working with Traditional Owners, PBCs, and local ACCOs.
- Access to capacity-building supports
- Resourcing to initiate and sustain meaningful engagement

The lack of meaningful engagement with local government can be highlighted by the Productivity Commission’s own efforts in their review, speaking to a total of 3 councils out of the 537 nationally, as well as a lack of engagement with any of the state Local Government Associations.

Furthermore, misinterpretations of Clause 55 of the National Agreement have contributed to the exclusion of Aboriginal Shire Councils and majority First Nations councils from implementation processes, undermining the Agreement’s own principles of shared authority.

4. What Is Needed to Enable and Ensure Local Government Action

Local governments need three key enablers: clear role definition, dedicated resourcing, and support for capability-building.

Guidance on how councils can embed the Priority Reforms into local planning and service delivery, along with frameworks for genuine engagement and partnerships with community-controlled organisations, is essential.

¹ Closing The Gap Independent Aboriginal and Torres Strait Islander Led Review, June 2025. Jumbunna Institute for Indigenous Education and Research, TS. p127

Just as importantly, councils must be formally recognised in state and territory implementation plans and supported by state governments to coordinate regional approaches. First Nations-led councils must be properly included and resourced to lead in their own right.

To enable councils to fulfil their commitments under the National Agreement, ALGA recommends:

Dedicated Funding Streams

There is a need to introduce dedicated funding to support councils with identified community needs to deliver under the applicable Priority Reform Areas. We also seek a dedicated fund specifically for local government to address the CTG targets.

Recognising First Nations-Led Local Governments in Procurement Principles

The Australian Government procurement framework should be nuanced to ensure First Nation-led and majority-staffed local governments are not excluded from eligibility. Local government is often the largest employer of First Nation people in remote and regional areas.

As an example, in the Northern Territory, local government is both a major employer and a key site of Aboriginal governance. A 2022 study confirmed that the NT has the highest proportion of Aboriginal employees in the local government sector nationally. As of August 2023, 92 of the 154 elected members were Aboriginal, with 89% of members in regional councils identifying as Aboriginal, and all 67 local authorities across the nine regional councils holding majority Aboriginal membership. In practice, these councils often demonstrate stronger Aboriginal representation and governance than many Aboriginal Community Controlled Organisations (ACCOs). This example highlights why First Nations-led councils should be explicitly recognised within the procurement framework to ensure equity and consistency with CTG priorities.

Co-designed Guidance and Frameworks

Develop a national local government implementation framework tailored to support councils in aligning with the National Agreement on CTG. This would equip councils with practical tools to embed Priority Reforms both internally and in community engagement.

- Internally:

The framework could help councils systematically integrate CTG commitments into their corporate and workforce strategies. For example:

- **Indigenous Employment and Career Pathways:** Setting clear Aboriginal and Torres Strait Islander employment targets across council, backed by mentoring programs and leadership development pipelines.
- **Cultural Safety Training:** Embedding training modules co-designed with local First Nations organisations, tailored not only for frontline staff but also for Councillors, executives, HR, and governance teams, ensuring cultural competence becomes an organisational standard.
- **Procurement Policies:** Prioritising Indigenous-owned businesses through procurement frameworks, with internal systems that track spend and measure impact on local Indigenous enterprises.
- **Data and Reporting Systems:** Establishing internal reporting mechanisms aligned with the National Agreement indicators, allowing councils to track progress on their commitments and transparently report outcomes.
- **Governance Practices:** Including regular Aboriginal and Torres Strait Islander representation in internal decision-making processes (e.g. senior leadership groups, audit committees) to ensure Indigenous voices inform council priorities.

- **Workforce Wellbeing:** Building supportive environments for Aboriginal & Torres Strait Islander staff by offering culturally safe employee assistance programs, flexible leave for cultural obligations, and workplace reconciliation action plans.
- Externally:
The framework could also guide councils in establishing genuine partnerships with Aboriginal and Torres Strait Islander communities. For example:
 - Supporting councils to establish First Nations advisory groups that ensure Traditional Owners, ACCOs, and other key First Nations community groups are represented and directly shape service delivery.
 - Creating co-governance models for land use, heritage management, and cultural tourism initiatives.
 - Using culturally appropriate engagement templates that respect local languages and customs.
 - Embedding community-led evaluation processes so that First Nations voices determine what “success” looks like.
- **ALGA also recommends that the Australian Government develop a funded plan where there is a transition of services to ACCOs.** Such a plan should embed genuine partnership with local government councils, recognising their role in supporting capacity-building for ACCOs and ensuring continuity and sustainability of service delivery, particularly in regional and remote communities.

5. Local Governments’ Unique Position and Example of Best Practice

Local Government is in a unique position as the level of government closest to community. As multidisciplinary organisations they provide many direct services to their local communities, enabling them to have extensive reach and more intimate knowledge of what is happening on the ground. This position enables councils to effectively coordinate and connect local services, community groups and leaders to support collaborative efforts to engage on a range of issues that need to be addressed in their communities. Therefore, councils have the capacity to raise both the profile of the need to close the gap and support direct efforts to address the targets.

In Victoria *Ngaweeyan Maar-oo* the Victorian Government’s formal implementation partner for the national agreement on CTG has conducted a desktop stocktake review of all 79 councils. Each council has been provided with a review rating for how they have performed when delivering on CTG. It also includes relevant local demographics, data and information. *Ngaweeyan Maar-oo* are now in the process of meeting with CEOs and key staff from each council.

This approach not only provided councils with an effective CTG tool it has also highlighted to many councils the need to consider their role in addressing the CTG targets. The Municipal Association of Victoria is working collaboratively with *Ngaweeyan Maar-oo* to support councils to consider actions that they can be undertaking to support this work. The collaboration will be formalised through a partnership agreement to ensure sustained commitment. The development of nationally co-designed guidance and frameworks would significantly strengthen and support this initiative.

6. Conclusion

Local governments are not reluctant partners in CTG they are simply underutilised and unfunded. With targeted investment, guidance, and coordinated support, councils across Australia can play a central role in delivering CTG outcomes and should be an essential element to support the efforts and delivery of the priorities and targets. ALGA stands ready to collaborate with all levels of government and Aboriginal and Torres Strait Islander communities to realise this potential.

Should you require more information, please contact Simon Booth (Policy Director).



Mayor Matt Burnett
President

Further enquiries:

Simon Booth
Policy Director

E. simon.booth@alga.asn.au
M. 0488 554 504
P. 02 6122 9400