

COMMUNITY FIRST
DEVELOPMENT

Submission to the Productivity Commission Review of the National Agreement on Closing the Gap

October 2026

1. EXECUTIVE SUMMARY

Community First Development welcomes the opportunity to contribute to the Productivity Commission review of the National Agreement on Closing the Gap.

For more than 26 years, Community First Development has worked alongside Aboriginal and Torres Strait Islander communities across Australia to support community-led development, self-determination and sustainable change. Working nationally and by invitation only, we support communities to pursue their aspirations through strategies such as stronger governance, stronger economic outcomes, stronger culture and stronger communities, to name a few.

Our experience demonstrates that communities already know what matters most for their futures. The challenge is not identifying solutions. Communities have consistently demonstrated what works. The challenge is in ensuring proven approaches are adequately resourced and implemented at scale.

Our monitoring and evaluation findings show that communities consistently prioritise stronger governance and stronger economic outcomes. These have remained the most requested areas of support for five consecutive years, reflecting communities desire to exercise greater authority over decisions, build stronger organisations and create sustainable economic opportunities.

While much of the national conversation has focused on services, programs, and partnership structure, less attention has been directed to the First Nations-led infrastructure required to support community-led development. Community First Development's experience suggests that First Nations-led intermediary organisations are a critical but under-recognised enabler of Closing the Gap reforms.

The next phase of Closing the Gap activity would benefit from a focus on scaling proven community-led approaches through sustained investment in First Nation-led intermediary organisations, governance capability, economic development and Indigenous-led funding mechanisms.

We acknowledge the Traditional Custodians of Country through Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

KEY MESSAGES

- Communities consistently identify governance and economic development as their highest priorities.
    - Community First Development's monitoring and evaluation data demonstrates that Stronger Governance and Stronger Economic Outcomes have remained the highest community priorities for four consecutive years. Communities understand that strong governance, organisational capability and economic participation are essential foundations for self-determination, resilience and prosperity.

- First Nations-led intermediary organisations are essential aspects of implementation infrastructure for Closing the Gap initiatives.
    - Intermediary organisations support communities to access resources, build capability, strengthen governance, develop economic opportunities and navigate often complex funding systems. They improve the effectiveness of public investment by ensuring resources are accessible and are translated into community-led outcomes.

- Government should invest in First Nations-led infrastructure, including intermediary organisations and Indigenous-led funds, to scale proven community-led approaches.
    - Indigenous-led funds and Indigenous-led grant making provide tangible mechanisms for transferring decision-making authority and investment influence closer to communities, advancing the intent of self-determination and the Priority Reforms.

RECOMMENDATIONS

Community First Development recommends that governments:

1. Recognise First Nation-led intermediary organisations as indispensable and appropriate strategic partners in Closing the Gap infrastructure and establish long-term funding mechanisms that support their sustainability, capability, diversity and national reach.
2. Increase investment in community-led governance strengthening, leadership development and organisational capability.
3. Expand investment in community-led economic development, enterprise development, business planning, income diversification and employment pathways.
4. Partner with and invest in Indigenous-led funds and Indigenous-led grant making initiatives.
5. Reform funding arrangements to provide longer-term, secure and flexible investment.
6. Support strengthening Indigenous data sovereignty and community-led evaluation approaches.
7. Introduce accountability measures that assess government performance in implementing the Priority Reforms and shared decision-making authority.

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2. INTRODUCTION

Community First Development is a national Aboriginal and Torres Strait Islander-led[1] organisation. We are a registered charity and not-for-profit community development organisation and an Indigenous-led fund. For more than 26 years, we have worked alongside Aboriginal and Torres Strait Islander communities to support community-led development, self-determination and sustainable change. Working nationally and by invitation only, we partner with communities to pursue locally determined aspirations, strengthen community authority, and build the governance and economic foundations required to enable them to thrive through long-term, sustainable and prosperous development projects.

Community First Development occupies a unique position between policy intent and community implementation. Our experience demonstrates that achieving better outcomes is not only about what governments fund, but whether communities have access to trusted, culturally grounded and locally responsive support structures that ensure investments translate into sustainable outcomes.

Through this relationship, Community First Development operates as a First Nations-led intermediary organisation. We support communities to convert opportunity into action while also assisting governments, philanthropic partners and everyday Australians to achieve stronger and visible outcomes from their investment and generosity. We contribute to strengthening governance capability, supporting economic development, building organisational sustainability and connecting communities to the relationships, expertise and resources required to pursue their priorities.

In FY26, Community First Development engaged with 220 community partners across 81 locations nationally. Across 230 projects, we monitored 638 indicators of change, with 419 demonstrating positive movement and 70% median progress overall. Significantly, it was identified for five consecutive years that projects related to stronger governance and stronger economic outcomes are in highest demand for support.

These findings provide important insight into the future of Closing the Gap priorities. Communities are telling us they want greater control over decisions, stronger organisations, enhanced leadership capability and stronger local economies.

Community First Development's observations are informed by more than 26 years of development practice and supported by community-defined monitoring and evaluation data. Detailed examples of community-led governance, economic development, Indigenous data sovereignty, cultural strengthening, organisational capability building and Indigenous-led grant making are provided in our Annual Impact Statement. These demonstrate how community-defined priorities are translated into locally led action and provide practical evidence of the approaches discussed throughout the submission.

The challenge facing governments is not identifying what works. Communities have consistently demonstrated what works. The challenge is ensuring proven approaches are adequately resourced, supported and implemented at scale from the ground up.

[1] 'Aboriginal and Torres Strait Islander' people, 'First Nations' people and 'Indigenous' people are considered interchangeable and are used throughout this document. We note that the language to refer to so many separate and diverse nations is viewed differently, and through these terminologies, we seek to acknowledge and honour our differences, and shared knowledge and experience.

3. COMMUNITIES ARE TELLING US THAT GOVERNANCE AND ECONOMIC DEVELOPMENT MATTER

The Productivity Commission has asked what approaches to community-led decision-making are working and what factors enable or constrain progress. Our experience suggests communities are already providing a clear answer. Community First Development's monitoring and evaluation findings, as well as our participatory action research on *Redefining Wealth* consistently demonstrates that communities want stronger, meaningful and sustainable economic outcomes, not simply increased access to services.

Communities seek support to establish businesses, diversify income, strengthen organisation sustainability, develop local employment pathways, improve governance and increase economic participation. For over five years, stronger economic outcomes and stronger governance have remained the highest requested areas of support across our national portfolio. This is a significant finding for the Closing the Gap agenda.

Communities want sustainable change that requires more than service delivery. It requires stronger community-controlled organisations, capable governance systems, local leadership, sustainable enterprises and access to economic opportunity. Economic development is not separate from self-determination. It creates the resources, employment opportunities and organisational sustainability required for communities to exercise self-determination and pursue broader social, cultural and community aspirations.

Similarly, governance is not merely an administrative function. Strong governance supports effective decision-making, accountability, leadership succession, community participation and cultural authority. Together, governance and economic participation form the foundation of community resilience.

Communities with strong governance systems and stronger local economies are better positioned to respond to economic shocks, policy change, climate impacts and other social challenges. Investment in these areas therefore contributes not only to Closing the Gap outcomes but also to Australia's broader economic and social resilience.

Examples of communities pursuing these priorities and the outcomes they are achieving are provided in our Annual Impact Statement.

4. PLACE-BASED PARTNERSHIPS WORK WHEN POWER IS SHARED

Community First Development strongly supports placed-based approaches where they are genuinely community-led. The most successful partnerships we observe share several characteristics:

- Communities determine priorities rather than responding to externally designed programs.
- Relationships are built over time and at the speed of trust.
- Governments and other partners are prepared to share decision-making authority.
- Funding mechanisms are flexible enough to support locally determined solutions.
- Success is defined by community outcomes rather than compliance and reporting requirements.

Where these conditions exist, place-based partnerships strengthen local authority, community ownership and long-term outcomes. However, too often governments continue to fund community-led approaches as pilots or short-term initiatives while retaining centralised decision-making, fragmented funding arrangements and burdensome reporting requirements. This creates a significant implementation gap and subsequent reduction in potential outcomes.

Many communities are still required to navigate multiple government agencies, inconsistent program-based funding models and complex accountability frameworks while simultaneously participating in partnership processes. Closing the Gap objectives will not be achieved by asking communities to do more with less. It will require governments to share power and agency more deliberately and invest in the capabilities communities identify as critical to their success, while acknowledging that as First Nations communities, we are utterly accountable to our people.

The practical application of these principles is demonstrated through a range of community-led initiatives documented in our Annual Impact Statement and on our website, including economic participation, cultural development and organisational capability projects led by communities with the support of Community First Development.

5. FIRST NATIONS LED INFRASTRUCTURE IS MISSING FROM THE CLOSING THE GAP CONVERSATION

The Productivity Commission has asked what enablers and barriers are affecting progress under the National Agreement on Closing the Gap. Community First Development's experience suggests that one of the most significant and under-recognised enablers is the presence of strong First Nation-led intermediary organisations.

Much of the discussion regarding Closing the Gap has focused on services, programs and shared decision-making structures. Less attention has been given to the First Nations-led infrastructure required to support these reforms. Communities are often expected to navigate complex funding systems, government processes, reporting requirements and partnership arrangements while simultaneously leading local development efforts and maintaining cultural protocols.

Intermediary organisations can support overcoming these barriers. We strengthen governance capability, support strategic planning, connect communities to opportunities, facilitate partnerships, build organisational sustainability, strengthen monitoring and evaluation, and support economic development. Without this enabling infrastructure, communities are left to navigate increasingly complex systems with insufficient support. The Commission should recognise First Nations-led intermediary organisations as a critical component of Closing the Gap implementation infrastructure and an essential enabler of the Priority Reforms.

6. FIRST NATIONS-LED INTERMEDIARY ORGANISATIONS INCREASE THE EFFECTIVENESS OF PUBLIC INVESTMENT

First Nations-led intermediary organisations play a critical role in supporting public investment to translate into sustainable community outcomes. Discussions about Closing the Gap outcomes often focus on the amount of funding rather than the conditions required for that funding to be effective. Intermediary organisations sit at the intersection between policy intent and local implementation. They support communities to convert opportunity, funding and policy commitments into practical action while ensuring solutions remain community-led and locally relevant.

By combining trusted relationships, cultural legitimacy and practical expertise, intermediary organisations help investment to align with community priorities, governance structures and aspirations. This role becomes increasingly important as governments seek to implement place-based and community-led approaches at scale. Community First Development's engagement with over 5000 communities demonstrates both the scale of demand for community-led development support and the important role intermediary organisations can play in meeting that demand. For governments to increase community-led approaches nationally, greater investment in First Nations-led intermediary organisations must become a central component of implementation.

7. INDIGENOUS-LED FUNDS AS A MECHANISM FOR REFORM

The Priority Reforms seek to transfer decision-making closer to Aboriginal and Torres Strait Islander peoples and communities. Indigenous-led funds represent one of the most practical mechanisms for achieving this objective. As an emerging Indigenous-led fund, Community First Development has seen growing recognition that communities are best placed to determine where investment should be directed. Indigenous-led grant making moves decision-making authority closer to communities while ensuring investments align with community-defined priorities and aspirations.

Traditional funding systems frequently require communities to adapt their priorities to funder requirements. Indigenous-led funds reverse this dynamic by creating structures in which investment decisions are informed by cultural authority, community relationships and lived experience. These approaches strengthen accountability to community, increase trust in funding processes and improve the alignment between investment and local priorities – it is a natural extension of existing community development activity.

Community First Development's 2025 Indigenous-Led Fund Small Grants Trial demonstrated that communities valued flexibility, relationship-based engagement and funding approaches that reflected First Nations ways of working, being and doing. The trial highlights the potential for Indigenous-led funding mechanisms to shift decision-making closer to communities and support more effective and culturally informed investment approaches.

Government exploration of opportunities to partner with and invest through Indigenous-led funding mechanisms as part of the next phase of Closing the Gao implementation is therefore needed. Doing so would represent a practical shift from consultation towards shared decision-making and community control.

8. FIRST NATIONS INTERMEDIARIES INCREASE THE RETURN ON PUBLIC INVESTMENT

Community First Development's experience demonstrates that investment in First Nations led intermediary organisations generates benefits beyond individual projects. Intermediary organisations improve the effectiveness of public expenditure by supporting communities to identify priorities, strengthen governance, build organisational capability and access opportunities that might otherwise remain unavailable.

Importantly, intermediary organisations also help leverage resources from outside government creating a multiplier effect, increasing both the reach and impact of public investment. This was clear in our recent independent socio-economic assessment which found every $1 invested in Community First Development generates $3.52 in benefits and $3.7m revenue and flow-on economic activity.

Government should therefore view First Nations-led intermediary organisations not as an additional funding layer but as implementation infrastructure that improves the effectiveness, efficiency and long-term sustainability of investment. This is particularly relevant to the objective of the National Agreement, which seeks not only to improve outcomes but to transform the way governments work with Aboriginal and Torres Strait Islander peoples and organisations.

9. ACCOUNTABILITY MUST BE SHARED

The National Agreement established an important commitment to shared decision-making and accountability. However, Aboriginal and Torres Strait Islander organisations routinely manage extensive reporting, compliance and performance obligations. In contrast, there are comparatively fewer mechanisms that hold governments accountable for sharing power, reducing structural barriers or acting on community-defined priorities. Accountability should be reciprocal.

As First Nations peoples we are already wholly accountable to our own people. Communities should remain accountable for community-led decisions and investment. Governments should be accountable for whether policies, funding arrangements and administrative systems support or constrain community aspirations. The success of the Priority Reforms should ultimately be assessed not only by activity undertaken but by the extent to which decision-making authority, resources and control have shifted closer to Aboriginal and Torres Strait Islander peoples and organisations.

10. RECOMMENDATIONS

Community First Development recommends that governments:

1. Recognise First Nations-led intermediary organisations as essential Closing the Gap infrastructure and establish long-term funding mechanisms that support their sustainability, capability, diversity and national reach.
2. Increase investment in community-led strengthening, leadership development and organisational capability, reflecting the priorities consistently identified by communities.
3. Expand investment in community-led economic development, enterprise development, business planning, income diversification and employment pathways as foundations for long-term self-determination and resilience.
4. Partner with Indigenous-led funds and Indigenous-led grant making initiatives as practical mechanisms for transferring decision-making authority and investment influence closer to communities.
5. Reform funding arrangements to provide longer-term and flexible investment that supports community priorities rather than program silos.
6. Strengthen Indigenous data sovereignty and community-led evaluation approaches, ensuring communities can define, measure and interpret success according to their own priorities.
7. Introduce accountability measures that assess government performance in sharing power, supporting community and cultural authority and implementing the Priority Reforms at scale.

11. CONCLUSION

Community First Development's experience suggests that the challenge facing governments is not in identifying what works. Communities have consistently demonstrated what works. Communities continue to prioritise stronger governance and stronger economic outcomes because they recognise these capabilities as foundations for self-determination, prosperity and sustainability. For

over five consecutive years these have remained the highest priorities identified through our community-led monitoring and evaluation processes.

The remaining challenge is implementation at scale.

Achieving the ambitions of the National Agreement will require governments to invest not only in programs and services, but in the First Nations led infrastructure that enables community-led development to flourish. First Nations intermediary organisations, community-controlled organisations and Indigenous-led funding mechanisms provide that infrastructure. They strengthen governance, support cultural and economic participation, attract resources, build community capability and ensure investment translates into lasting outcomes.

The examples contained in our Annual Impact Statement demonstrate that these approaches are already generating tangible outcomes across Australia. The policy challenge now is to ensure they are adequately resourced, supported consistently and implemented at scale, alongside communities to continue to improve the lives of First Nations peoples.

The next phase of Closing the Gap should therefore focus on scaling proven approaches through sustained investment in First Nations-led implementation infrastructure. Doing so will accelerate progress towards Closing the Gap while strengthening the long-term economic resilience, governance capability and self-determination of Aboriginal and Torres Strait Islander communities across Australia.