BRISBANE, May 7 AAP - Bureaucrats' salaries and duplicated projects are eating into millions of dollars in welfare funding earmarked for Cape York communities, the region's mayors say. Hope Vale mayor Greg McLean says out of $110 million in federal government welfare reform money, his community saw just $2 million. The money was to be split between four indigenous Cape York communities over five years to close the gap between disadvantaged Aboriginal and non-Aboriginal communities.

"If I had any idea (where the money went), I would have put a lot of that money into Hope Vale," Mr McLean told AAP. "I think it's being spent or filtered between Canberra and our communities, in the employment of people that don't even come to our communities."

Cape York mayors and council representatives argue they should have a greater say in how approximately $200 million in annual government funding is spent, saying local government is best positioned to give the advice. Cooktown Mayor Peter Scott says money goes to numerous non-government and quasi non-government organisations, and services can be fragmented or duplicated.

"For example, there's over 50 primary healthcare providers in Cape York, which is just ludicrous," he told AAP. "We seem to have an awful lot of people doing the same thing."

The executive director of Cape York non-profit organisation Balkanu says it receives less than $1 million per year from the federal government. Gerhardt Pearson, brother of indigenous leader Noel Pearson, says Balkanu consults on and advocates for a range of projects to help indigenous Cape Yorkers.