Executive Summary

The Yuendumu Mediation and Justice Committee (YM&JC) is an innovative, responsive and highly effective Indigenous designed and driven community initiative that has succeeded in restoring stability and harmony to the community of Yuendumu. By doing so it has played a powerful role in breaking cycles of disadvantage, distress and suffering caused by unmanaged community conflict. It is a positive and compelling example of the drive, vision and commitment of Aboriginal people in Central Australia to take control and responsibility for matters in their community and their effectiveness and skill in doing so. The Central Desert Regional Council (CDRC) established and managed the YM&JC as part of its responsibility for service delivery to CDRC residents.

This cost benefit analysis (CBA) finds that the Yuendumu Mediation and Justice Committee project provides a positive net economic benefit to Australia. The project returned economic benefits that far exceed its economic costs. Sensitivity analysis shows this is a very robust conclusion.

CBA is a powerful tool for determining the economic value of a project. It is widely used by governments to evaluate the impact of their projects on the economic welfare of their constituents.

This CBA has taken a rigorous approach to identifying and assigning values to the costs and benefits arising from the project. These values have been used to derive the project’s net present value (NPV) and benefit cost ratio. All the relevant costs and benefits have been identified and valued appropriately. The valuation and other techniques are used professionally to demonstrate the economic merit of the YM&JC.

This Cost Benefit Analysis values the impacts (costs and benefits) of the Yuendumu Mediation and Justice Committee in economic terms (i.e., impact on society’s welfare). These values are aggregated over time (10 years) using the discount rate (2%) showing society’s trade-off between current and future consumption. The discounted impacts are compared using the decision criteria Net Present Value (NPV). NPV measures the extent to which the economic benefits to Australia of the Yuendumu Mediation and Justice Committee exceed its costs. The aggregate NPV of the Yuendumu Mediation and Justice Committee is estimated as $14,163,000 in 2014 dollars. The benefit cost ratio of 4.3 strongly supports this conclusion. Comparatively this is a very high benefit cost ratio. There are no significant uncompensated costs experienced by stakeholders and therefore distributional issues are not a significant problem.

Contents

1 The authors thank Rhiân Williams for her excellent support as project manager for this evaluation.
Executive summary
Introduction
Description of the proposal
  Summary
  What is the problem?
  The proposal
  What are the alternatives?
  What are the benefits?
  Project logic
  Pilot projects
Identify the impacts (costs and benefits)
Value the impacts (costs and benefits)
Discounting (aggregating over time)
Decision criteria
Sensitivity analysis
Distribution
Conclusion
Bibliography
Acknowledgements
Attachment A: Scope of Services
Attachment B: YM&JC activities during 2013/14
Attachment C: Yuendumu timelines
Attachment D: Research into Indigenous Dispute Management Approaches
Attachment E: The Yuendumu Mediation and Justice Committee Mediators

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALRA</td>
<td>Aboriginal Land Rights Act 1976</td>
</tr>
<tr>
<td>ATSIC</td>
<td>Aboriginal and Torres Strait Islander Commission</td>
</tr>
<tr>
<td>BIITE</td>
<td>Batchelor Institute of Indigenous Tertiary Education</td>
</tr>
<tr>
<td>CBA</td>
<td>cost benefit analysis</td>
</tr>
<tr>
<td>CDEP</td>
<td>Community Development Employment Projects</td>
</tr>
<tr>
<td>CDRC</td>
<td>Central Desert Regional Council</td>
</tr>
<tr>
<td>CJC</td>
<td>Community Justice Centre</td>
</tr>
<tr>
<td>CLC</td>
<td>Central Land Council</td>
</tr>
<tr>
<td>FaHCSIA</td>
<td>Department of Families, Housing, Community Service and Indigenous Affairs</td>
</tr>
<tr>
<td>GMAAAC</td>
<td>Granites Mine Affected Area Aboriginal Corporation</td>
</tr>
<tr>
<td>NPV</td>
<td>net present value</td>
</tr>
<tr>
<td>PM&amp;C</td>
<td>Department of Prime Minister and Cabinet</td>
</tr>
<tr>
<td>PV</td>
<td>present value</td>
</tr>
<tr>
<td>WDNWPT</td>
<td>Western Desert Nganampa Walytja Palyantjaku Tjutaku Aboriginal Corporation</td>
</tr>
<tr>
<td>WETT</td>
<td>Warlpiri Education and Training Trust</td>
</tr>
<tr>
<td>YM&amp;JC</td>
<td>Yuendumu Mediation and Justice Committee</td>
</tr>
<tr>
<td>WYDAC</td>
<td>Warlpiri Youth Development Aboriginal Corporation</td>
</tr>
</tbody>
</table>
Introduction

Purpose of Cost Benefit Analysis

The purpose of this Cost Benefit Analysis is to identify and value the economic impact (costs and benefits) arising from the Yuendumu Mediation and Justice Committee, to inform future decisions by the Government about continued funding. The Yuendumu Mediation and Justice Committee, made up of Indigenous elders and respected people, aims to help strengthen family relationships and develop strategies that promote community safety and address family violence.

The scope of this cost benefit analysis is provided at Attachment A.

Methodology

The evaluation methodology uses a desktop review, interviews with key stakeholders and key documents to identify and value the economic costs and benefits of the Yuendumu Mediation and Justice Committee using a rigorous application of Cost Benefit Analysis.

Description of the Yuendumu Mediation and Justice Committee project

Summary

The settlement of community conflict in Yuendumu is a continuing process using significant economic resources. The peaceful settlement of these violent conflicts will free resources for other economic opportunities, increase the productivity of resources in Yuendumu and provide major benefits to the people of Australia. The Yuendumu Mediation and Justice Committee minimises the resources required for conflict resolution and makes investments the community more productive.

In 2010, violence in Yuendumu saw people flee the community, services and programs put on hold or abandoned. Many agencies or departments such as Northern Territory Police, Housing, Health, Commonwealth and local government and others increased spending, using economic resources, in order to continue even modest levels of service to the community.

The Central Desert Regional Council has a crucial role in the YM&JC as a direct service provider on the ground with strong local knowledge and relationships. Yuendumu Elders with the support of the Central Desert Regional Council, funded by the Department of Prime Minister and Cabinet (previously FaHCSIA) established the Yuendumu Mediation and Justice Committee as a locally driven and owned peacemaking response. The Yuendumu Mediation and Justice Committee has operated since November 2011. In the 2013 – 2014 financial year FaHCSIA and PM&C contributed $224,000 to the CDRC’s Yuendumu Mediation and Family Safety program to support the functions of the Yuendumu Mediation and Justice Committee.

The Committee resolved the original matters and continues to support the community to resolve conflicts in fair, timely and culturally appropriate ways. The project has reduced and prevented violence by ensuring conflicts are dealt with quickly and do not escalate or fester. The YM&JC has now maintained peace in Yuendumu for over two years.

2 The members are listed in Attachment E.
The Yuendumu Mediation and Justice Committee supports the National Priority One (Driving whole of community action to prevent violence) of the The Second Action Plan of the National Plan to Reduce Violence against Women and their Children 2010-2022 launched on Friday 27 June 2014, by the Prime Minister, Tony Abbott. It fits securely within the Plan’s strategy to build local initiatives to improve community safety, including safety planning, infrastructure, and behavioural and attitudinal change within Indigenous communities.

Source: CDRC

What is the project addressing?

Yuendumu was established as a government ration depot in 1946, as a response to Warlpiri people’s hunger, caused in part by violence between the Warlpiri people and white settlers.

White settlers began cattle grazing and using Warlpiri land and water in the 1880s. Conflict was exacerbated by droughts in 1924-29 and the early 1940s and exemplified by the 1928 Coniston Massacre where up to 100 Warlpiri people were killed by police parties, led by police constable George Murray, in retaliation for the killing of Frederick Brookes, a dingo hunter, at a soak near Coniston Station in Warlpiri land (Brown et al 2011).

The government ration depots provided water, food, clothing and some medical care as a means of reducing Aboriginal hunger and Aboriginal demands on whites at road maintenance camps and station homesteads (Myers 1991:33).
By 1946, around 400 Warlpiri people from all the traditional partitions resided at Yuendumu. Traditional tribal feuds and quarrels split the community into armed factions (Meggitt 1962:29). In response, in 1949, Warlpiri people were taken by truck to Lajamanu (Hooker Creek) and by 1951, 150 Warlpiri people lived there (Brown et al 2011:29).

Yuendumu became an Aboriginal Reserve in 1952. The reserve became Aboriginal freehold land under the *Aboriginal Land Rights Act (Northern Territory) 1976* and the land the community is on became the Yuendumu Aboriginal Land trust area. The Yuendumu Community Council administered the area. In 2008, the Yuendumu Community Council was absorbed into the Central Desert Regional Council, which now provides local government to the region. The CDRC consults community members through the Local Authority, whose members are elected by the Yuendumu community.

Traditional ownership belongs to the families who collectively form the Warlpiri Land Trust. There were four territorial divisions among the Warlpiri. These were Yalpari (east), Waneiga (north), Walmalla (west) and Ngalia (south). These geographical divisions are reproduced in Yuendumu with north, east, south and west camps. In the early period of settlements Meggit (1962:58) notes that conflicts were more likely within each division rather than between divisions. This appears to have changed more recently and conflicts have occurred between Yuendumu’s west and south camps.

**Map of Yuendumu**

Source: CDRC
The need for the YM&JC comes from complex changes in Yuendumu’s demography and institutions. The demographic balance between families in Yuendumu has changed substantially. The 1968 introduction of award wages shifted families from cattle stations to Yuendumu. From 1980, there was a shift of Yuendumu families to outstations in their traditional country. Later there was a shift back to Yuendumu after the 1997 introduction of CDEP (Phillpot 2000) and this intensified after the 2010 CDEP changes.

At the same time as this difficult shift in Yuendumu’s balance between families, political changes were reducing the community’s institutions for internal conflict management. The closing of ATSIC in 2003 and the 2010 replacement of local Yuendumu Council by the Alice Springs based Central Desert Regional Council weakened institutions for community level conflict resolution. The YM&JC addresses these changes by working through local leaders and Community Elders.

In 2010, the community of Yuendumu was a turbulent place. The death of a community member, in September 2010, led to riots and violent confrontations between community members. There were significant levels of unrest, violence and feuding within the community. The situation was so difficult that Yuendumu achieved national prominence with *The Australian* newspaper and the ABC 7.30 Report reporting on the dire nature of circumstances within the community.

Over 100 people fled Yuendumu due to concerns about their personal safety; there were calls for people to be permanently excluded from the community and for traditional payback. There was extensive damage and destruction of personal and community property and numerous services and programs were put on hold or abandoned. Around one hundred young people, particularly females, have left the Yuendumu district over the period 2009 to 2011 and had not returned by 2012 (see figure below).

From 2008 to 2011 the total population shift was a loss of 65 people. However the most significant change in population in that time period was seen in males and females aged 0 to 29 with a total loss of 134 people.
The Project

The Yuendumu Mediation and Justice Committee Project is a mechanism to support the Yuendumu Warlpiri community to reach durable agreements about group conflicts. These agreements have reduced community conflicts and freed Northern Territory and Commonwealth government resources for other uses while raising the productivity of activities in Yuendumu.
Federal Indigenous Affairs Minister the Hon. Nigel Scullion and Territory MLA Bess Price visited Yuendumu on 28th January 2014 to discuss the new school attendance and truancy measures. The Minster and MLA sat down with the community leaders, including Yuendumu Mediation and Justice Committee members, to discuss strategies to lift school attendances. The Minster and MLA also attended a Community BBQ organized by WYDA and then met with Yuendumu School and then with Women Centre's directors.

During the visit, the Minister Scullion visited the Yuendumu Mediation Centre. The Minister was very interested in hearing how the Yuendumu Peace Process developed and he acknowledged the commitment and efforts of the YM&JC during this period.

The YM&JC project uses an Indigenous-led agreement making approach supporting Indigenous Yuendumu community members to negotiate agreements themselves. It is an approach based on national and international best practice and advice from Yuendumu community members. The project provides support tailored to the needs of the Yuendumu community – this includes independent facilitators, negotiation skills, decision-making and dispute management training. See Attachment D and F.

The project built on earlier mediation activities, supported by the Central Desert Regional Council, and has operated as an Indigenous led process from 2010 to the end of 2014, with funding being sought for its continuation.

Before the YM&JC, it appeared to many that violence within Yuendumu, and other Warlpiri population centres, was intractable and that Yuendumu as a community would remain divided and unable to recover. In March 2011, the then, NT Chief Minister was quoted as saying the NT government had done everything it could to facilitate reconciliation and resolution of the dispute but that resolution would only be achieved when both parties sat down together and took personal responsibility to resolve the violence (ABC News, 29 Mar 2011). The YM&JC was able to achieve this resolution where expensive outside efforts had failed to do so. Yuendumu Elders had
confidence in their people and their community and built a locally owned and driven peace making approach.

They have achieved, and continue to achieve, remarkable results including:
– resolution of the original dispute including achieving over two years of peace;
– providing a responsive Yuendumu mediation service settling new and emerging conflicts in fair, timely and culturally appropriate ways for all involved;
– developing, promoting and supporting:
  ▪ community harmony activities and events;
  ▪ community capacity around peace making and community safety, including securing appropriate training for community and Committee members; and
  ▪ peacemaking efforts in surrounding communities including Willowra which has a long standing community conflict similar to the former conflict in Yuendumu.
– developing a Warlpiri mediation manual for use in other communities;
– providing a peace park in Yuendumu – a neutral ‘talking place’ for the community.

Project activities include:
• Family group mediation sessions.
• Three community members along with the Program Coordinator attended a five-day nationally accredited Mediator Training Course in Darwin.
• In partnership with CJC, NT Police, WYDAC and other local organizations provide counseling and referrals for victims of Cyber Bullying (Facebook).
• Bush courts in Yuendumu attended and supported by YM&JC members including discussion with the Magistrate regarding the best outcome for offenders including alternatives to prison.
• Telephone link ups with Legal Service Providers and Correctional Services.
• Prison visits by YM&JC members as part of the Elders Visiting Program.

The training that has been provided by NT Government’s Community Justice Centre - and adapted into a local approach - has built the capacity, widened the networks and developed the knowledge of YM&JC members around the areas of family safety and violence.

The activities of the YM&JC has developed a strong relationship between Police and key Elders improving channels of communication. The box below is an example of the work of the YM&JC and police.
200 people witnessed a successful Mediation

There was a community disturbance (verbal arguments) in front of post office on 26th May morning. About a dozen people (Wilson & Dixon Vs Lechleitner Family group) shouted & yelled. The arguments continued for an hour. More than 200 people watched it.

With the support of local mediators like Robert Robertson, Georgina Wilson & Walter Lechleitner, Mediation Program Coordinator tried to bring the both parties into the mediation room for the proper discussion however the parties didn’t agree with the team. Both parties were not listening to the mediators and elders.

Then Program Coordinator rang the local police twice. The calls were transferred into Darwin. The incident was reported to the police at Darwin. Lately, Police arrived to the scene.

Mediation:

After an hour later both side parties seemed calm. Police officer, Local Mediators and Program Coordinator requested both side to sit together and sort out the problem. This time both parties seemed OK.

Series of mediation meetings were organized in two hours to find the solution of the problem. In the presence of police officer, both parties shared their sides’ stories. The stories of misunderstanding/ miscommunication. (Again social media- Facebook instigated this problem)....... 

At the end both realised that the person who doesn’t live in Yuendumu passed the wrong message onto them. They realised their mistakes and agreed for stopping the trouble. YM&JC Chairman and Program Coordinator mediated the meetings. Due to ‘conflict of interest’ other local mediators did not attend the meeting. Both side said “I am sorry”.

During the mediation session one girl said to another one. “I respect you. You are my aunty. I would like to apologize for what I said today and last Friday for you.” Before leaving the mediation room all hugged each other.

Problem had started on Friday night:

Last Friday at 8: 00 pm there was a serious disturbance (physical fight) between Wilson family girls and Lechleitner family girls at North Camp. It was Jealousy fight. The girls were drunk. The police had intervened the trouble. Today’s argument was the continuous episode of the last Friday’s trouble.
What are the alternatives?

The main alternatives to the approach developed by the YM&JC Project is to settle community conflict by:

- Indigenous “pay back”, or
- external mediators (typically non-Indigenous), or
- intensive police presence.

Indigenous “pay back” is not recognised under the formal legal system and is no longer accepted by all Warlpiri making it an unacceptable option.

External mediators and negotiators were extensively used during the 2010 to 2012 Yuendumu conflict but were found to be ineffective. The NT Chief Minister Paul Henderson acknowledged in 2011, that his Government had done everything it could to facilitate reconciliation and resolution in the community and pointed to the need for people in the community to take responsibility for mediation (ABC News, 29 Mar 2011).

Significant extra police resources were required in the Yuendumu community from 2010 to 2012. This undoubtedly reduced the extent of the conflict but was unable to stop the conflict. Police typically act to keep people apart as their primary peacekeeping approach. In contrast, the YM&JC bring people together to build peace. Keeping people apart is not really sustainable in the long run in community settings where people are interrelated.

In contrast, the YM&JC project has substantially reduced community tensions and since August 2012 has prevented the associated violence.

The base case scenario against which the YM&JC project is compared is the Commonwealth and NT government programs in Yuendumu from 2010 to 2012.

What are the benefits?

The Project benefits are significant:

* reduced costs for governments,
* more productive businesses (including more employment) in Yuendumu,
* more productive community activities (including more employment) in Yuendumu,
* better educational outcomes in Yuendumu,
* better health outcomes in Yuendumu, and
* better child protection outcomes in Yuendumu.

Project logic

The relationship between the project’s inputs and outputs (cause and effect) is summarised in the Logframe table below. This shows that the project has a logical relationship between:

- **inputs** (labour, services, materials, etc) which are used in:
- **project activities** (mediation, prison visits, etc) to produce a set of:
- **outputs/outcomes** (peace) to achieve the project’s:
• **purpose** (freeing government resources for other uses and greater productivity of Yuendumu’s resources) which achieves society’s:

• **goal** (increased welfare of Yuendumu’s residents and other Australians).

The Logframe describes the project’s impacts in the Narrative Summary column. Impacts below cause those above. The Measurable Indicators column quantifies how the impacts will be measured. The Means of Verification column shows where the measurement information will be sourced.

The Logframe summarises the assumptions underpinning the logical relationship between inputs and outputs. The assumptions much hold in order to move up the table and achieve the goal. These assumptions (shown in the final column) are important for determining what can go wrong with the project and therefore the risks that could be included in sensitivity analysis (undertaken below).

The Logframe identifies the costs as the resources used by the YM&JC. Benefits are identified as purposes, that is, reduced costs of government agencies and greater productivity of Yuendumu’s resources.

<table>
<thead>
<tr>
<th>Table 2: Logframe for CBA</th>
<th>Logframe: Summarising Yuendumu Mediation &amp; Justice Committee Project Design</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Narrative Summary</strong></td>
<td><strong>Measurable Indicators</strong></td>
</tr>
<tr>
<td><strong>Goal</strong>: (program objective)</td>
<td>Net present value</td>
</tr>
<tr>
<td>Increase the welfare of Yuendumu</td>
<td>End of Project Status</td>
</tr>
<tr>
<td><strong>Purpose</strong>: (aim or impact)</td>
<td>• materials saved</td>
</tr>
<tr>
<td>• Reduced government agency costs.</td>
<td>• services &amp; employment.</td>
</tr>
<tr>
<td>• More productive use of Yuendumu’s resources.</td>
<td>• Indigenous control.</td>
</tr>
<tr>
<td>• Strengthening Indigenous led community development.</td>
<td>• better health.</td>
</tr>
<tr>
<td>• Reduced community division &amp; individual distress</td>
<td>Terms of reference for each output</td>
</tr>
<tr>
<td><strong>Outputs</strong>: (deliverables)</td>
<td>• imprisonment, arrests &amp; assaults.</td>
</tr>
<tr>
<td>• Peace</td>
<td><strong>Inputs</strong>: (budget, people, material, time, cost)</td>
</tr>
<tr>
<td><strong>Activities</strong>: (key clusters or work breakdown structure)</td>
<td>• labour</td>
</tr>
<tr>
<td>• Community mediator’s training</td>
<td>• services</td>
</tr>
<tr>
<td>• other CJC support</td>
<td>• materials</td>
</tr>
<tr>
<td>• Mediation ceremonies</td>
<td><strong>Outputs</strong>: (deliverables)</td>
</tr>
<tr>
<td>• Mediation community meetings</td>
<td>• resources are insufficient or inappropriate</td>
</tr>
<tr>
<td>• YM&amp;JC members time</td>
<td><strong>Activities to Output</strong></td>
</tr>
</tbody>
</table>

**Identify the economic impacts (costs and benefits)**

The Yuendumu Mediation and Justice Committee project has several benefits and costs.
The project costs directly use up (in ceremonies, mediation meetings, training & visiting prisons) a set of resources (labour, materials, etc). These resources are therefore unavailable for other uses (ie should be included in cost benefit analysis as an opportunity cost to society). It should be noted that part of the YM&JC member’s time is unpaid but has an economic value and is included in the CBA calculations.

The project promotes peace in Yuendumu. This benefit would not be achieved (or not achieved as quickly and completely) without the project.

Peace in Yuendumu releases resources for their next best use. These are principally Commonwealth and Northern Territory government resources. For example, the YM&JC has reduced the cost of policing, courts, prisons, health care, education, etc in Yuendumu and Alice Springs.

Peace in Yuendumu allows the resources and activities in Yuendumu to be more productive. For example, the YM&JC has helped improve school attendance, sports events are now being held, community services (shops, clinic, childcare, etc) are open more often, community organisations can operate more fully (community corporations such as the GMAAAC are now able to meet and elect office holders), etc.

These impacts are presented in the impact chart below.

Figure one: YM&JC impact chart
Table 6: Yuendumu Mediation and Justice Committee - Stakeholder objectives

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Point of view</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonwealth Government</td>
<td>National</td>
<td>Maximise Australian’s welfare</td>
</tr>
<tr>
<td>NT Government</td>
<td>Territory</td>
<td>Maximise NT’s welfare</td>
</tr>
<tr>
<td>Yuendumu community</td>
<td>Community</td>
<td>Maximise community welfare (health, education, employment)</td>
</tr>
<tr>
<td>YM&amp;JC</td>
<td>Committee</td>
<td>Maximise community welfare</td>
</tr>
<tr>
<td>PM&amp;C</td>
<td>Govt. agency</td>
<td>Use grants efficiently &amp; effectively</td>
</tr>
<tr>
<td>Central Desert Regional Council</td>
<td>Local government</td>
<td>Improved use of Council resources</td>
</tr>
<tr>
<td>NT Corrections</td>
<td>Govt. agency</td>
<td>Fewer prisoners, better prisoner management</td>
</tr>
<tr>
<td>NT Dept. of Housing</td>
<td>Govt. agency</td>
<td>Less housing damage</td>
</tr>
<tr>
<td>NT Child Protection &amp; Family Services</td>
<td>Govt. agency</td>
<td>Staff safety, less notifications, care &amp; family violence</td>
</tr>
<tr>
<td>NT Community Justice Centre</td>
<td>Govt. agency</td>
<td>Improved use of CJC resources</td>
</tr>
<tr>
<td>NT Police</td>
<td>Govt. agency</td>
<td>Staff safety, improved use of Police resources</td>
</tr>
<tr>
<td>NT Courts</td>
<td>Govt. agency</td>
<td>Improved use of Court resources</td>
</tr>
<tr>
<td>Bachelor Institute of Indigenous Training</td>
<td>Education agency</td>
<td>Improved use of BIIT resources</td>
</tr>
<tr>
<td>Yuendumu School</td>
<td>Govt. agency</td>
<td>Staff safety, pupil attendance &amp; completion</td>
</tr>
<tr>
<td>NT Dept. of Health</td>
<td>Govt. agency</td>
<td>Staff safety, fewer admissions</td>
</tr>
<tr>
<td>Central Land Council</td>
<td>Community agency</td>
<td>Improved community projects</td>
</tr>
<tr>
<td>Community services</td>
<td>Businesses, etc.</td>
<td>Better access to clients</td>
</tr>
<tr>
<td>Community services</td>
<td>NGOs</td>
<td>Better access to clients</td>
</tr>
</tbody>
</table>

The stakeholder table above lists the stakeholders involved or impacted by the project. Understanding which groups are involved in the project, their point of view and objective is an important check on the costs and benefits identified in the impact chart above. It also provides an input into the incidence table (Planning Balance Sheet).

The incidence table (or Planning Balance Sheet) below summarises the costs and benefits of the stakeholders involved in the project. Examining the stakeholder groups it is clear that the costs are borne principally by the YM&JC members and the Department of Prime Minister and Cabinet (Commonwealth Government). Most of the direct benefits are gained by the Yuendumu community and NT government agencies. The Commonwealth Government gains significant improvements in the efficiency of its funding to the NT Government. The Commonwealth Government gains in meeting its policy goals particularly the Prime Minister Tony Abbott’s Second Action Plan of the National Plan to Reduce Violence against Women and their Children 2010-2022.

In Yuendumu, the YM&JC project will be central to achieving the Commonwealth Government’s goals under the National Indigenous Reform Agreement of 2 November 2012. Closing the gap in Indigenous disadvantage includes:

- close the current life expectancy gap within a generation;
- halve the gap in mortality rates between Indigenous and non-Indigenous children under five within a decade;
- halve the gap in reading, writing and numeracy achievement between Indigenous and non-Indigenous students within a decade;
- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade;
- in the year before formal schooling, provide all Indigenous children in remote communities with access to early childhood education within five years; and
- halve the gap for Indigenous students aged 20 to 24 years old in Year 12, or equivalent, attainment rates by 2020.

Without the peace provided by the continuing YM&JC these goals cannot be achieved.
Table 7: The Incidence of costs and benefits, 2014-23, following YM&JC resolution of 2010 conflict

<table>
<thead>
<tr>
<th>Participant</th>
<th>Cost</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>YM&amp;JC</td>
<td>member’s time</td>
<td>nil</td>
</tr>
<tr>
<td>PM&amp;C</td>
<td>grant money</td>
<td>fulfilling govt. policy, indirectly reducing welfare spending</td>
</tr>
<tr>
<td>CDRC</td>
<td>administration</td>
<td>more effective program delivery</td>
</tr>
<tr>
<td>NT Corrections</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>NT Dept. of Housing</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>NT CP&amp;FS</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>NT CJC</td>
<td>training, mentoring</td>
<td>cost savings</td>
</tr>
<tr>
<td>NT Police</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>NT Courts</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>Yuendumu School</td>
<td>nil</td>
<td>better attendance &amp; retention</td>
</tr>
<tr>
<td>NT Dept. of Health</td>
<td>nil</td>
<td>cost savings</td>
</tr>
<tr>
<td>Central Land Council</td>
<td>nil</td>
<td>access to clients</td>
</tr>
<tr>
<td>Community services</td>
<td>nil</td>
<td>cost savings, access to clients</td>
</tr>
<tr>
<td>Yuendumu residents</td>
<td>nil</td>
<td>better health &amp; welfare increasing productivity</td>
</tr>
</tbody>
</table>

Value the Project’s costs and benefits

Economic valuation requires assumptions to make a complex reality tractable in a rigorous cost benefit analysis framework. This CBA includes all the significant costs and benefits.

This CBA assumes a 10 year time frame beginning in the current year, 2014. This is a sufficient period to encompass the relevant future benefits and costs. Longer time periods increase uncertainty. These future benefits and costs are aggregated back to the year 2014. Future values are adjusted using a discount rate of 2%, calculated from the interest rate of the ten year Commonwealth bond rate of 4% less the inflation rate of 2%. The techniques used here are in accord with relevant professional practice.

Details of the valuation of the Project’s costs and benefits are given below. The most of these costs and benefits have been discussed with the relevant stakeholders, however the estimates are the responsibility of the authors.

Costs

Cost Summary

2014-23 Total Present Value (2014 dollars discounted by 2% over ten years).

<table>
<thead>
<tr>
<th>Cost Summary</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour, vehicles, services, etc</td>
<td>$2.4 million</td>
</tr>
<tr>
<td>YM&amp;JC members</td>
<td>$1.7 million</td>
</tr>
<tr>
<td>Peace Park</td>
<td>$0.03 million</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$4.4 million</td>
</tr>
</tbody>
</table>

• Labour, vehicles, services and supplies

Reason: The resources consumed by the YM&JC project will not be available for other uses and therefore there is an opportunity cost to society. They are costs that would not have occurred without the YM&JC project.
**Basis:**
The resources used in the project will be purchased in competitive markets where prices are a good estimate of economic value. Therefore these costs are valued at market prices. The cost data is sourced from actual expenditure records for the 2013 calendar year. It is assumed these are a good estimate of 2014 and future costs. All values are in 2014 calendar year dollars.

**Value:**

<table>
<thead>
<tr>
<th>Central Desert Regional Council</th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>YM&amp;JC coordinator</td>
<td>92</td>
</tr>
<tr>
<td>YM&amp;JC mediators</td>
<td>40</td>
</tr>
<tr>
<td>Vehicles</td>
<td>22</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>• administration</td>
<td>28</td>
</tr>
<tr>
<td>• training</td>
<td>11</td>
</tr>
<tr>
<td>• project management</td>
<td>10</td>
</tr>
<tr>
<td>• meetings</td>
<td>5</td>
</tr>
<tr>
<td>• accommodation</td>
<td>5</td>
</tr>
<tr>
<td>Office &amp; project supplies</td>
<td>31</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NT CJC</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Training in Alice Springs</td>
<td>8</td>
</tr>
<tr>
<td>Professional support</td>
<td>12</td>
</tr>
</tbody>
</table>

**Total (undiscounted)** 264

Source: CDRC, CJC.

**2014-23 Total Present Value: $2.4 million** (2014 dollars discounted by 2% over ten years)

- **YM&JC member resources**

**Reason:**
YM&JC members gave up their time, incurred transport and accommodation costs, etc. to participate in the project. Some of this was compensated for by payments included in the project costs above. The uncompensated resources are also consumed by the project and need to be included in total costs.

**Basis:**
20 YM&JC members give an average of one day per week each year at $200 a day (based on mediator payment of $32.68/hr): total cost $192,000 pa.

**2014-23 Total Present Value: $1.7 million** (2014 dollars discounted by 2% over ten years)

- **Peace Park**

**Reason:**
The peace park brings community members together by providing a neutral and peaceful venue for gatherings and a place for people to spend time with family and children. The Yuendumu Peace Park is a custom-designed gathering and ‘talking place’ that is culturally-relevant and meaningful to local families in the community. The Park uses resources having alternative uses. Funding of $228,902 for the Yuendumu Peace Park was approved under the Australian Government’s Community Development Fund administered by the Minister for Indigenous Affairs, Nigel Scullion.
**Basis:**

The resources used in the project will be purchased in competitive markets where prices are a good estimate of economic value. Therefore these costs are valued at market prices.

**2014-23 Total Present Value: $0.3 million** (2014 dollars discounted by 2% over ten years).
## Benefits

### Benefit Summary
2014-23 Total Present Value (2014 dollars discounted by 2% over ten years).

<table>
<thead>
<tr>
<th>Productivity improvements</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuendumu children’s welfare</td>
<td>$3.1 million</td>
</tr>
<tr>
<td>Community’s resources</td>
<td>$2.7 million</td>
</tr>
<tr>
<td>School attendance</td>
<td>$1.4 million</td>
</tr>
<tr>
<td>Adult health</td>
<td>$0.6 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resources freed for alternative use</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>NT Community Justice Centre</td>
<td>$2.4 million</td>
</tr>
<tr>
<td>NT Prisons</td>
<td>$4.1 million</td>
</tr>
<tr>
<td>NT Police</td>
<td>$2.0 million</td>
</tr>
<tr>
<td>Yuendumu housing</td>
<td>$1.8 million</td>
</tr>
<tr>
<td>NT Health</td>
<td>$1.7 million</td>
</tr>
<tr>
<td>NT Courts</td>
<td>$0.7 million</td>
</tr>
</tbody>
</table>

**Total Benefits** $18.5 million

### Reduced costs for NT Community Justice Centre

**Reason:**
The Community Justice Centre (CJC) of the Northern Territory Government provides mediation services to the community to help people resolve their own disputes without legal action. It provided professional services to the YM&JC during the conflict. These services included advice, training and mediator services. The resources producing these services been saved for alternative uses due to the YM&JC’s successful peace process.

**Basis:**

**Support to YM&JC from NT Community Justice Centre in 2012**

Training for mediators in Alice Springs per training session: total $8,000.
- trainer: consisting of one trainer at $1,000 per day for four days (total $4,000).
- trainees: four trainees, for four days lost time per trainee per day $100 ($1,600), plus accommodation at $100 per trainee per day ($1,600) plus travel at $200 per trainee ($800) (total: $4,000).

Training for mediators in Darwin per training session: total $10,800
- trainer: consisting of one trainer at $1,000 per day for four days (total $4,000).
- trainees: four trainees, for four days lost time per trainee per day $100 ($1,600), plus accommodation at $150 per trainee per day ($2,400) plus travel at $700 per trainee ($2,800) (total: $6,800).

Professional support for YM&JC: total $24,000 includes
- one day per week at $500 per day for one year.

**CJC mediators work on Yuendumu: total $26,000**
- ten hours per week for one year at $50 per hour

**2014 onwards these costs are reduced by a total of $35,800 per year**
- no training in Darwin (saving $10,800 per year)
- only half a day per week for professional support to YM&JC (saving $12,000 per year)
- only 5 hours per week for CJC mediators (saving $13,000 per year)

2014-23 Total Present Value: $2.4 million (2014 dollars discounted by 2% over ten years).
• Reduced Court Costs

Reason:
The Yuendumu conflict resulted in higher numbers of arrests and more work for the courts. This consumes resources that have alternative uses and those uses can be valued by the market prices paid for them, principally wages and legal services prices. The YM&JC project has reduced arrests and freed court resources for their next best use.

Basis:
Typical court cost per year from Yuendumu inter-camp conflict 2010-2012
40 remanded prisoners (due to inter-camp conflict) trials in Alice Springs at a cost of $2,000 per prisoner: total $80,000.

Typical annual court cost reduction from YM&JC’s impact on reduced violence, 2014 onwards: total saving $80,000
40 fewer remanded prisoners in Alice Spring's courts: total saving $80,000.

2012-23 Total Present Value: $0.7 million (2014 dollars discounted by 2% over ten years).

• Reduced costs for NT Police

Reason:
The NT Police provided additional policing resources to manage the violence in Yuendumu. This included and extra permanent police officer in Yuendumu and temporary use of reinforcements from surrounding police stations, Alice Springs and the Territory Response Group police from Darwin. The violence at Yuendumu consumed resources that have alternative uses and those uses can be valued by the market prices paid for them, principally wages, transport and accommodation prices. The YM&JC project has reduced police numbers and freed police resources for their next best use.

Basis:
Typical policing cost per year from Yuendumu inter-camp conflict 2010-2012
Five permanent police officers at Yuendumu at $100,000 per year: total $500,000.
20 temporary police officers at Yuendumu for 4 days twice per year at $400 per day: total $64,000.
20 temporary police officers travel costs (to & from Yuendumu) twice per year at $1,000 per officer: total $40,000.
80 detentions per year in Yuendumu (due to inter-camp conflict) for an average of 1.2 days at a cost of $100 per day: total $9,600.
20 remanded prisoners (due to inter-camp conflict) transported to Alice Springs at a cost of $500 per prisoner: total $10,000.

Typical annual policing cost reduction from YM&JC's impact on reduced violence, 2014 onwards: total saving $223,600
One less permanent police office at Yuendumu: total $100,000
No temporary police officers at Yuendumu due to end of inter-camp violence: total saving $64,000.
No transport costs for temporary police officers at Yuendumu: total saving $40,000.
80 fewer detentions: total saving $9,600.
20 fewer remanded prisoners: total saving $10,000.

2014-23 Total Present Value: $2.0 million (2014 dollars discounted by 2% over ten years).
• Reduced Prison Costs

Reason:
The Yuendumu conflict resulted in increased imprisonment and conflict in the prison at Alice Springs. The YM&JC has reduced this imprisonment and Yuendumu related prison conflict. This has freed resources for alternative uses and those uses can be valued by the market prices paid for them, principally wages, services and supplies prices.

Basis:
Typical prison cost per year from Yuendumu inter-camp conflict 2010- 2012
20 jailed prisoners (due to inter-camp conflict) for an average 2 months in Alice Springs at a cost of $10,000 per prisoner per month: total $400,000.

Typical annual prison cost reduction from YM&JC's impact on reduced violence, 2013 onwards: total saving $460,000
20 fewer jailed prisoners in Alice Springs for an average of two months per prisoner at a cost of $10,000 per month per prisoner: total saving $400,000.
Lower costs of prison management due prisoner visit scheme for 60 prisoners visited per year at $1,000 per prisoner per year: total $60,000

2014-23 Total Present Value: $4.1 million (2014 dollars discounted by 2% over ten years).

• Reduced Yuendumu housing costs

Reason:
The conflict in Yuendumu resulted in substantial damage to Yuendumu housing. This consumed resources in housing repair. The YM&JC has reduced damage to housing at Yuendumu and the associated repairs. This has freed resources for alternative uses and those uses can be valued by the market prices paid for them, principally wages, transport, accommodation, other services and supplies.

Basis:
Typical annual housing maintenance cost reduction from YM&JC's impact on reduced violence, 2014 onwards: total saving $800,000
10 fewer damaged houses (due to inter-camp conflict) at $20,000 per house: total saving $800,000.

2014-23 Total Present Value: $1.8 million (2014 dollars discounted by 2% over ten years).

• Impact of Community Violence on Child Welfare

Reason:
Osofsky (1999:38) identifies research establishing “that adolescents exposed to violence, particularly those exposed to chronic community violence throughout their lives, tend to show high levels of aggression and acting out, accompanied by anxiety, behavioral problems, school problems, truancy, and revenge seeking”. Margolin and Gordis (2004:153) note that children exposed to community violence “may exhibit behavioral disorders such as aggression and delinquency; emotional and mood disorders such as depression and anxiety; posttraumatic stress symptoms such as exaggerated startle, nightmares, and flash-backs; health-related problems and somatic symptoms such as sleep disturbances; and academic and cognitive problems.” Osofsky (1999:38) identifies “Results from several studies of resilient infants, young children, and youths exposed to community violence consistently identify a small
number of crucial protective factors for development: a caring adult, a community safe haven, and a child’s own internal resources.” The YM&JC is providing these protective factors and is improving the life opportunities of Yuendumu children. This will assist Yuendumu’s children to be more productive throughout their lives.

**Basis:**
It is assumed that the around 200 children in Yuendumu would have had their productivity increased (by less exposure to violence) by 5% over their working life of 30 years. Using the $270 (the median weekly income in Yuendumu in 2011) discounted by 2% (annuity factor of 22.4) this gives a present value for 2014 of $16,000 per child.

**2014-23 Total Present Value: $3.1 million** (2014 dollars discounted by 2% over ten years).

- **Reduced health costs**

  **Reason:**
The conflict at Yuendumu increased mortality and morbidity. This consumed resources in the Yuendumu Health Centre, the Alice Springs hospital and transport. For example high levels of overtime payments were made during the conflict. The YM&JC has improved health at Yuendumu. This has freed resources for alternative uses and those uses can be valued by the market prices paid for them, principally wages, services and supplies prices. Resources for Indigenous health are particularly valuable in the context of the Commonwealth Government’s health goals in its “Reducing the Gap” commitment under the 2012 National Indigenous Reform Agreement.

  **Basis:**
  **Typical annual health system cost reduction from YM&JC's impact on reduced violence, 2014 onwards:** total saving $192,000
  80 fewer admissions to Yuendumu health clinic (due to less inter-camp conflict) at a cost of $400 per admission: total $32,000.
  40 fewer admissions to Alice Springs hospital (due to less inter-camp conflict) at a cost of $4,000 per admission: total $160,000.

  **2014-23 Total Present Value: $1.7 million** (2014 dollars discounted by 2% over ten years).

- **Improved school attendance rates**

  **Reason:**
  Reductions in community violence in remote indigenous communities in North Queensland improved school attendance rates (Partington 2012:442). The reduction in violence due to YM&JC has increased the attendance rates at the Yuendumu School. Greater attendance is associated with longer retention rates and more productive futures for students (House of Representatives Standing Committee on Employment, Education and Training: 1996).

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous students</td>
<td>131</td>
<td>113</td>
<td>151</td>
<td>148</td>
<td>135</td>
<td>160</td>
</tr>
<tr>
<td>Attendance rate, %</td>
<td>44</td>
<td>56</td>
<td>49</td>
<td>38</td>
<td>40</td>
<td>48</td>
</tr>
</tbody>
</table>

  **Source:** My School

  Research by Biddle (2014) shows the poor performance of Indigenous students in NAPLAN tests can be partially explained by their lower attendance rates at school. He concluded –
‘even after controlling for parental education, early childhood education, remoteness and language spoken at home, Indigenous students who miss a significant amount of school have substantially lower levels of maths, reading and science ability than those who do not.’ (p13)

Higher pupil absence rates reduce retention rates at school (Purdie and Buckley 2010).

Disruption in school attendance has important implications for future income. Data from both the 2006 Census and the 2011 Census show that staying on to complete Year 10 rather than leaving in Year 9 raised the median income for an Indigenous person by about 25%. Completing Year 12 compared to completing Year 10 raised the median income by 70% in 2006 and 50% in 2011.

**Basis:**

Taking the 30 to 100 Indigenous students attending school at Yuendumu in 2010 and the rise in attendance from 38 to 48 per cent from 2011 to 2013, a 30% rise in the attendance rate. This should increase year 12 completion rates (we assume by one student). From 2015 an extra Indigenous student, each year, completing year 12 rather than year 10 will increase their future income by around 50% of $270 (the median weekly income in Yuendumu in 2011). Assuming a working life of 30 years and discounted by 2% (annuity factor of 22.4) this gives a present value in 2014 of $157,000 per student working life.

**2014-23 Total Present Value: $1.4 million** (2014 dollars discounted by 2% over ten years).

- **Increased productivity of Yuendumu community resources and activities**

**Reason:**

The conflict at Yuendumu interrupted normal life and resulted in the under utilisation of many Yuendumu resources. For example many services were closed for substantial periods denying clients access to health care, shops, child care, family services, aged care, children’s education, etc. Development programs in Yuendumu were disrupted by the conflict. For example budgeted house construction was cancelled and the Granites Mine Affected Areas Aboriginal Corporation was unable to meet and elect office bearers disrupting development funding.

The Yuendumu Local Implementation Plan of the three tiers of government and the Yuendumu community aimed at improving conditions and services in Yuendumu was not implemented due to the conflict. It was difficult to fill positions. The lost production and

---

3 Access to the health clinic was difficult for some families because it was close to the rival camp. At least one person may have died due access problems.

4 The only shop in Yuendumu providing income maintenance services closed for a period forcing people to travel very long distances to get access to basic goods. Some people needed police escorts to access the shops.

5 Yuendumu Kurdu Kurdu Kurlangu childcare centre runs a playgroup and crèche and its location made operation difficult during the conflict.

6 The NT Child Protection and Family Services officer in Yuendumu left in 2010 (due to safety concerns) and was not replaced until 2013 resulting in a decline in services for child welfare in Yuendumu.

7 The Mampu Maninja-kurlangu Jarlu Patu-ku Aboriginal Corporation runs the Yuendumu Old Peoples program (Smith et al 2010).

8 A very experienced teacher left Yuendumu due to safety concerns. The BIITE run learning centre was disrupted.

9 GMAAAC, established in 1991, receives compensation payments from the Granites mine, 50% is invested and 50% is for community funds.
services were valuable to the people of Yuendumu. The YM&JC peace has allowed production and services to return, providing an improved standard of living in Yuendumu.

NGO projects in Yuendumu are more productive due to the YM&JC peace. A good example is the Tanami Dialysis Support Services Project overseen by the CLC and managed by the Western Desert Nganampa Walytja Palyantjaku Tjutaku Aboriginal Corporation (WDNWPT). The Yuendumu dialysis facility was opened in August 2010 but did not operate until August 2012 when the YM&JC held their peace making ceremony ending the cycle of violence. Twelve patients returned to Yuendumu and to July 2013 received 464 dialysis sessions (Roche & Ensor 2014:99).

Another example is the NT Police Community Safety Plan where “success depended on garnering the necessary community support which was much easier in cohesive communities like Lajamanu compared to communities experiencing ongoing unrest like Yuendumu” (Young et al 2013:54).

**Basis:**

By providing services in Yuendumu trips to Alice Springs are reduced saving time, petrol, vehicle maintenance, etc. Assuming 1,000 fewer trips at a cost of $200 per trip gives a total saving of $200,000 per year. We add 50% to this to account for the services that could not be replaced by the extra travel for a total of $300,000 per year.

**2014-23 Total Present Value: $2.7 million** (2014 dollars discounted by 2% over ten years).

- **Increased productivity from improved health outcomes**

**Reason:**

Indigenous people generally have significantly poorer health than other Australians and typically die at much younger ages. This is mainly caused by chronic disease levels, which are extremely high in Indigenous communities, including Yuendumu (AIHW 2010). Violence worsens chronic disease outcomes. Safety from violence contributes to community networks and trust; improving physical and mental health, academic achievement, local economic development, and lowering rates of homicide, suicide, and substance abuse (Sampson et al 1997).

The Commonwealth Government places a very high priority on Indigenous health, chiefly:

- Tackling chronic disease risk factors
- Primary health care services that can deliver
- Fixing the gaps and improving the patient journey.

The YM&JC project has a significant positive influence on each of these priorities.

The Aboriginal and Torres Strait Islander Chronic Disease Fund supports activities to improve the prevention, detection, and management of chronic disease in Aboriginal and Torres Strait Islander people contributing to the Commonwealth Government’s target of closing the gap in life expectancy. The YM&JC plays a very important role in achieving the Commonwealth Government’s targets in Indigenous health. The YM&JC improvement in community safety reduces these chronic diseases directly reducing hospitalisations and clinic presentations (valued above). In addition, the YM&JC induced reductions in chronic disease engender more economically productive people over a longer lifespan.
Basis:

It is assumed that each year without conflict, one adult in Yuendumu will have their working life increased by five years. Using the $270 (the median weekly income in Yuendumu in 2011) discounted by 2% (annuity factor of 4.7) this gives a present value in 2014 of $66,000 per adult life extended.

2014-23 Total Present Value: $0.6 million (2014 dollars discounted by 2% over ten years).

YM&JC Project Costs and Benefits
2014 million dollars discounted by 2% over ten years

Discounting (aggregating over time)

The costs and benefits identified and valued above, accrue over the ten year period 2014 to 2023. In order to make comparisons with other projects these future values need to be expressed in present day values. This recognises that people value current consumption more highly than the same future consumption, that is, people are to a degree impatient.

Discounting future values back to present values requires information about society’s rate of time preference or the amount of future consumption they require to give up current consumption. This is revealed in the capital market where interest payments represent the reward for giving up current consumption for future consumption. Interest rates also include a reward for risk taking and inflation. Risk is not relevant to this project because it is part of government’s broad investment
portfolio where risk in any single project is cancelled out across the other projects. Inflation is not relevant because all values used in this CBA are in real terms.

Risk is removed by using low risk Commonwealth Government bonds. The longest maturity (10 years) is used because this is closest to the project's 10 year time frame. Inflation is removed by subtraction the inflation rate from the interest rate.

In August 2014, the Commonwealth 10 year Treasury Bond interest rate was 3.41% pa (RBA Statistical Tables). Inflation measured by the average CPI for the 12 months to June 2014 was 3.0% pa (RBA Statistical Tables). Taking the inflation rate away from the interest rate and rounding gives the real rate of interest and discount rate as 0.41%. The inflation adjusted Commonwealth Government Indexed Bond interest rate was 1.46% (RBA Statistical Tables). Therefore the Australian capital markets are indicating that the social rate of time preference was between 0.5% and 1.5% in August 2014. This is unusually low and therefore this analysis uses a more conservative discount rate of 2%.

The table below applies this discount rate (using each year's discount factor) to the values identified.

Table 8: Economic Costs & Benefits of Yuendumu Mediation & Justice Committee

<table>
<thead>
<tr>
<th>Costs</th>
<th>2014'</th>
<th>2015'</th>
<th>2016'</th>
<th>2017'</th>
<th>2018'</th>
<th>2019'</th>
<th>2020'</th>
<th>2021'</th>
<th>2022'</th>
<th>2023</th>
<th>Total</th>
<th>Total @ 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peace Park</td>
<td>229</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>265</td>
<td>259</td>
</tr>
<tr>
<td>YMJC members time</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>1,920</td>
<td>1,726</td>
</tr>
<tr>
<td>YMJC: labour, vehicles,</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>264</td>
<td>2,640</td>
<td>2,374</td>
</tr>
<tr>
<td>Total Costs</td>
<td>685</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>4,825</td>
<td>4,389</td>
</tr>
<tr>
<td>discounted @ 2%</td>
<td>678</td>
<td>442</td>
<td>433</td>
<td>425</td>
<td>417</td>
<td>408</td>
<td>401</td>
<td>392</td>
<td>385</td>
<td>377</td>
<td>4,359</td>
<td>4,359</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>reduced policing</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>224</td>
<td>2,236</td>
<td>2,011</td>
<td></td>
</tr>
<tr>
<td>reduced CJ/C support</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>315</td>
<td></td>
</tr>
<tr>
<td>reduced housing repair</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>2,000</td>
<td>1,798</td>
</tr>
<tr>
<td>reduced court costs</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>800</td>
<td>719</td>
</tr>
<tr>
<td>reduced prison costs</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>4,600</td>
<td>4,136</td>
</tr>
<tr>
<td>reduced health costs</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>192</td>
<td>1,920</td>
<td>1,726</td>
</tr>
<tr>
<td>improved child welfare</td>
<td>3,145</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,145</td>
<td>3,114</td>
</tr>
<tr>
<td>improved education</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>157</td>
<td>1,570</td>
<td>1,412</td>
</tr>
<tr>
<td>improved health</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>66</td>
<td>660</td>
<td>593</td>
</tr>
<tr>
<td>improved productivity</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>3,000</td>
<td>2,698</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>4,859</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>1,714</td>
<td>20,281</td>
<td>18,522</td>
</tr>
<tr>
<td>discounted @ 2%</td>
<td>4,810</td>
<td>1,647</td>
<td>1,614</td>
<td>1,583</td>
<td>1,553</td>
<td>1,522</td>
<td>1,493</td>
<td>1,462</td>
<td>1,434</td>
<td>1,405</td>
<td>18,522</td>
<td>18,522</td>
</tr>
<tr>
<td>Benefits-Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>undiscounted</td>
<td>4,174</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>1,254</td>
<td>15,456</td>
<td>14,163</td>
</tr>
<tr>
<td>discounted @ 2%</td>
<td>4,132</td>
<td>1,205</td>
<td>1,181</td>
<td>1,158</td>
<td>1,136</td>
<td>1,113</td>
<td>1,092</td>
<td>1,069</td>
<td>1,049</td>
<td>1,028</td>
<td>14,163</td>
<td>13,033</td>
</tr>
<tr>
<td>Discount factor @ 2%</td>
<td>0.990</td>
<td>0.961</td>
<td>0.942</td>
<td>0.924</td>
<td>0.906</td>
<td>0.888</td>
<td>0.871</td>
<td>0.853</td>
<td>0.837</td>
<td>0.820</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NPV @ 2%</td>
<td>14,163</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRR</td>
<td>na</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B/C ratio</td>
<td>4.249</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Decision criteria**

Cost Benefit Analysis values the impacts (costs and benefits) of the YM&JC project in economic terms (ie impact on society’s welfare). These values are aggregated using the discount rate embodying society’s trade-off between current and future consumption. The discounted impacts are then compared using decision criteria.

The findings from a CBA are commonly expressed in three ways:
The benefit cost ratio takes the present value of total benefits and divides this by the present value of total costs. The ratio is useful for comparing the efficiency of projects across different project scales. A ratio greater than 1 demonstrates that there is a net economic benefit to society from the project. Using the YM&JC project estimates from the table above, the PV of total benefits divided by the PV of total costs is $18,522,000/$4,327,000. This gives a very high cost benefit ratio of 4.3.

In a recent OECD publication “A ratio below 1 is considered poor, a ratio between 1 and 1½ low, a ratio between 1½ and 2 medium and a ratio above 2 high” (Persson & Song 2010:33). For comparison the World Bank (2011:4) estimates benefit cost ratios for Indonesian urban sanitation projects at 1.1 to 2.4, the Productivity Commission (2013:27) estimates the benefit cost ratio of smart electrical meters at 2.7 and the South Australian Centre for Economic Studies (2010:95) estimates a benefit cost ratio of Opal fuel at 3.7.

* The Internal Rate of Return (IRR) is the discount rate where the present value of costs and benefits are equal. IRR cannot be measured for this project due to distribution of costs over time. IRR requires a pattern of negative then positive net benefits. For YM&JC net benefits are always positive.

* The Net Present Value (NPV) is the amount by which the present value of benefits exceeds the present value of costs. For the YM&JC project NPV is $14.2 million in 2014 dollars.

<table>
<thead>
<tr>
<th>Total costs PV</th>
<th>$4,359,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total benefits PV</td>
<td>$18,522,000</td>
</tr>
<tr>
<td>Benefit Cost Ratio</td>
<td>4.3</td>
</tr>
<tr>
<td>NPV</td>
<td>$14,163,000</td>
</tr>
</tbody>
</table>

All the calculated decision criteria indicate that the project is worth supporting on economic (efficiency of resource use) grounds. The criteria show that the project provides Australia with an extremely high return on its modest costs.

**Sensitivity analysis**

The project may be sensitive to changing conditions. These could include potential variability in factors for which assumptions have been made.

The assumptions made in this analysis were generally pessimistic about the benefits of the project but in order to test the robustness of our conclusions we assume an unrealistically large 50% reduction in benefits. Even in this extreme pessimistic case both decision criteria (shown below) indicate that the project is highly worth supporting on economic (efficiency of resource use) grounds.

<table>
<thead>
<tr>
<th>Total costs PV</th>
<th>$4,359,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total benefits PV</td>
<td>$8,114,000</td>
</tr>
<tr>
<td>Benefit Cost Ratio</td>
<td>1.9</td>
</tr>
<tr>
<td>NPV</td>
<td>$3,755,000</td>
</tr>
</tbody>
</table>

The choice of a discount rate can have a large impact on the decision criteria. The current global financial conditions may mean that the base case discount rate of 2% is lower than the social rate of
time preference it attempts to measure. A more typical discount rate is 5%. As can be seen below, more than doubling the discount rate has little impact on the worth of the project.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs PV</td>
<td>$3,766,000</td>
</tr>
<tr>
<td>Total benefits PV</td>
<td>$16,228,000</td>
</tr>
<tr>
<td>Benefit Cost Ratio</td>
<td>4.3</td>
</tr>
<tr>
<td>NPV</td>
<td>$12,461,000</td>
</tr>
</tbody>
</table>

The purpose of sensitivity analysis in this case is not to compare alternative project scenarios for selection of the best project design. Here we are using sensitivity analysis to test the robustness of our conclusions regarding the value of the project. If the project can absorb a 50% reduction in already conservative estimates of benefits, the conclusion that it is a worthwhile project is strong.

The sensitivity analysis shows that the project is very robust.

**Distribution**

Gainers and losers are identified in the distributional incidence table given previously.

The major gains are made by the consumers of NT government services and the Yuendumu community who benefit from the greater efficiency of resource use in Yuendumu. This fits well with the Commonwealth government’s goal to improve the efficiency of its program delivery.

Costs are borne by the Commonwealth and NT governments and the Central Desert Regional Council. However, the project makes a significant contribution to reaching the Indigenous development goals of these three levels of government as given in the Yuendumu Implementation Plan of 2011. Due to the conflict this plan was not implemented.

The YM&JC members provide some unpaid time to the project but they gain as part of the Yuendumu community from better health and better services.

There are no large uncompensated costs caused by the YM&JC and therefore distribution is not a critical issue.

**Conclusion**

This CBA verifies that the Yuendumu Mediation and Justice Committee Project delivers substantial economic benefits exceeding its costs. The YM&JC has a higher benefit cost ratio than the Opal Fuel project. The sensitivity analysis indicates that these conclusions are very reliable. The distributional analysis shows that the project does not damage stakeholders and compensation is not required. This CBA provides a strong support to investing in the YM&JC beyond 2014.

This CBA supports a wider use of the YM&JC mediation model. For example, the proposed Willowra Community Mediation Service would be expected to give a substantial positive economic return. The Central Desert Regional Council (CDRC) is seeking funding to extend the YM&JC model to Willowra as part of its responsibility for service delivery to CDRC residents.
Bibliography


Bauman, T. and J. Pope (eds) 2009, ‘*Solid Work you mob are doing*’, Report to the National Alternative Dispute Resolution Advisory Council by the Federal Court of Australia's Indigenous Dispute Resolution and Conflict Management Case Study Project.


Acknowledgements

The consultants acknowledge the excellent assistance and advice provided by the stakeholders particularly:

John Gaynor, Director Community Services, Central Desert Regional Council
Rhiân Williams, Willowra Community Mediation/Peacemaking Project Coordinator, Central Desert Regional Council
Shelley Madden, Central Desert Regional Council
Georgie Stewart, Central Land Council
Michael White, NT Department of Housing
William Yan, NT Corrections
Dorrelle Anderson, NT Child Protection & Family Services
Ippei Okazaki, NT Community Justice Centre
Pauline Polychrone, NT Police
Sarah McNamara, Judicial Registrar
Melinda Edwards, Police Prosecutor
Julie Permezel, former Yuendumu School Principal
Jennifer Mostran, NT Dept of Health

Please note that the authors are responsible for the estimates and assumptions used in the CBA.
Attachment A

Draft Scope of Services
There are a great number of stakeholders who incurred significant additional costs during the period of conflict in Yuendumu. The aim of the cost benefit analysis is to:

- identify the range of stakeholders who experienced increased costs as a result of the unrest in Yuendumu;
- identify the range of costs incurred by the range of stakeholders, most particularly government agencies, during the period of unrest at Yuendumu;
- identify the range of savings as a result of the work of the Yuendumu Mediation and Justice Committee;
- provide a clear economic cost benefit evaluation of the work of the Yuendumu Mediation and Justice Committee;
- if possible identify the timeframe during which the Yuendumu initiative has been operating and how long before it was able to start achieving noticeable results on the ground;
- if possible provide a clear recommendation of this cost benefit evaluation for the proposed establishment of the Willowra Community Mediation Initiative.
YM&JC activities during 2013/14 financial year to raise community awareness and improve responses to family violence

- 6 YM&JC meetings held. Each and every meetings well attended and the meetings were very important where the YM&JC members made very important decisions like: announcement of holding the sports weekend - the first time since 2009; creating Yuendumu as a domestic violence free community; how to mark 365 days of peace in a row as a community event.
- 5 Community Meetings & 4 Community BBQ held. All the community meetings and the community BBQs were well attended involving local community members as well as service providers. Two Community meetings were attended by MP (then Federal Minister) Warren Snowdown and MLA Bess Price.
- Each and every Community events were strongly supported by the Committee, like Yuendumu Sports Weekend, Cultural Event, Career Expo, Xmas Concert, Community Meetings, Family Fun Day
- 6 promotional announcements (300 & 365 days of peace; Yuendumu Peace Manual Launch; Elders Prison Visits; Yuendumu Sports Carnival; Mediation Training; and several peace campaign messages were broadcasted on local radio – PAW Media
- National and Regional Media were encouraged to cover the positive stories about Yuendumu. 6 positive news stories about Yuendumu peace process were published / broadcasted during this period.
- A Community Peace Calendar updated monthly & forwarded to a broad range of community organizations and service providers across Central Australia. Positive feedback has been received indicating the calendar is a useful tool to mapping the situation of Yuendumu. Yuendumu marked 365 days of peace in a row on 30th August 2013.
- 4 good news articles about Yuendumu have been published in the Central Desert Regional Council’s newsletter and website – see links in the extra info section below.
- 127 Warlpiri Facebook users subscribe to Yuendumu Community Facebook page. Same number of people are receiving positive message about Yuendumu.
- 3 posters & flyers with the peace message were developed and displayed around the community. As well as being on display locally, these were also sent to the prisons and other communities. On August 30, YM&JC Chairman Robert Robertson wrote a public message appealing everyone to mark a first anniversary of peaceful year.
- 2 trips to Alice Springs town camps conducted. During these trips, positive stories about Yuendumu were passed onto the town camps’ people.
- 4 outreach trips to Willowra conducted. These trips were the initial steps by Mediation and Justice Committee (YM&JC) to ascertain whether the Willowra community were willing to engage in a formal mediation process and also to promote the peace process.
- To bridge a cultural link between Elders and the young people a number of elders including YM&JC members participated in the community cultural day at the Yuendumu School demonstrating traditional use of boomerangs, songs and dance. Many children joined in with the performance.
- YM&JC members attended 2 school council meetings to discuss ways to increase school attendance and to encourage school as a peaceful zone.
Attachment C

Yuendumu Time Line
2014, Term 1 Remote School Attendance Strategy started
2013 April YM&JC burying the rubbish ceremony to mark peace
2012 Aug dialysis provided at Yuendumu
2012 30 Aug Yuendumu peace begins
2012 July inter-camp violence
2012 June food store closed for several days due to inter-family conflict
2012 May inter-camp violence
2012 Jan police providing protection at the local school, shop and post office
2011 Nov inter-camp riots
2011 April Government Business Manager dies from illness.
2011 April inter-camp riots.
2011 April Childcare centre closed due to illness.
2011 April Centrelink temporarily shuts its office due to safety concerns.
2011 March people return
2011 Jan more than 100 people, including 37 children flee to Adelaide
2010 Dec two health workers flee violence
2010 Nov inter-camp riots
2010 Nov people return
2010 Sept around 100 people flee to Adelaide
2010 Sept inter-camp riots
2010 August opening of a dialysis service in Yuendumu
2010 Outstation populations fall due to changes in CDEP
2008 July Central Desert Shire replaces Yuendumu Council
2008 pool opened
2008 Kurra approves $1.6m to set up the Yuendumu regional dialysis service.
2007 Intervention
2007 Yuendumu Council re-established
2006 August riot between rival families from the Yuendumu and Nyirripi communities
2005 August Yuendumu Council dissolved
2005 Kurdu-kurdu childcare started
2005 Women’s shelter established
2003 ATSIC closed removing an institution for voicing regional Aboriginal concerns
1997 Outstation populations fall due to CDEP
1997 March CDEP started
1993 Mt Theo Petrol Sniffing Program began
1993 Women’s night patrol began
1990-1996 drought in Central Australia
1985 Warlukurlangu Artists Association founded
1983 Warlpiri Media Association established
1980-95 ATSIC supports outstations
1979 Warlpiri Literature Centre incorporated
1979 Ngarlikurlangu Pastoral Company incorporated
1978 first elected Yuendumu Council assumed responsibility for settlement administration
1977 NT self-government
1976 land rights recognized
1974 Bilingual Resource Development Unit established at Yuendumu School
1974 Willowra cattle station purchased for Warlpiri
1971 Yuendumu Men’s Museum officially opened
1968 Award wages for Aboriginal workers on cattle stations
1967 Aboriginal referendum
1960s struggle for award wages
1959 Yuendumu sports weekend launched
1956 Yuendumu Aboriginal reserve of 2,200 square miles formally declared
1954 Total Warlpiri population estimated to be 1,400
1952 Yuendumu Aboriginal Reserve of 2,199 sq km, established
1949 Yuendumu Warlpiri people were taken by truck to Lajamanu (Hooker Creek)
1947 Baptist mission was established
1946 Yuendumu Aboriginal Reserve established with by year’s end 400 Warlpiri people.
1932 Granites gold rush
1928 August Coniston massacres begin
1924-29 Severe drought
1909-10 Tanami gold rush
1902-05 severe drought
1885-1907 Halls Creek gold mining
1870s-1920s Aboriginal resistance to pastoral industry
1877 Lutheran mission established at Hermannsburg
1872 Construction of overland telegraph through central Australia

Criminal justice impacts of Yuendumu conflict
2012 Oct Elton Granites, 25, burnt a bus and was arrested by police armed with an axe and a steel bar
2012 5 May Extra police flew to the community from Alice Springs on Saturday, but most were gone by Monday afternoon due to the public holiday.
2012 20 Feb Police say six officers have been stationed at the court to keep the peace
2012 20 Feb Nelson was sentenced to three months’ jail for assaults but the sentence has been fully suspended because he has already spent 18 months in jail on the murder charges.
2012 27 Feb Nathaniel Sims was sentenced to six years in jail for the killing, with a non-parole period of three years
2011 11 Nov nine people charged over a riot
2011 26 April 16 people arrested
2011 18 April 2 people arrested
2010 24 Nov Tommy Watson, 61, was refused bail
2010 23 Nov Ten people arrested
2010 23 Nov about 25 police in Yuendumu over the weekend
2010 Sept More than 15 people arrested over the fighting in Yuendumu & eight charged.
2010 16 Sept Territory Response Group police flown from Darwin
2007 7 Aug extra 20 officers, including Australian Federal Police in Yuendumu
2007 7 Aug 30 people arrested
2007 5 Aug Police reinforcements from Alice Springs and Papunya were called back
2006 4 Aug 16 officers, incl. Aboriginal community police, sent to Yuendumu sports weekend
Attachment D

Research into Indigenous Dispute Management Approaches

For Indigenous peoples, and indeed many other stakeholders, it may be that a primary goal of any dispute management and decision-making process is one of maintaining relationships rather than a single-minded focus on finalising or producing discrete outcomes. This does not mean that Indigenous stakeholders do not wish to achieve substantive outcomes, but it does mean that the process may require considerable time and must evolve from, or have a sense of being owned by the group themselves. Achieving a match between the range of Indigenous needs and expectations and models of decision-making and dispute management is important.

Critical to these processes is the recognition that informed decisions are important but not easily achieved and that all decisions will have repercussions, both for those directly involved and for others, including future generations.

Report Number 1 The Business of Process Research Issues in Managing Indigenous Decision-Making and Disputes in Land

Indigenous and Facilitation Project – Australian Institute of Aboriginal and Torres Strait Islander Studies

The Commonwealth Government has funded significant research into Indigenous Dispute Management Approaches. This research has consistently identified the importance of locally based Indigenous dispute management approaches that enable communities to quickly and easily deal with community conflicts. This research has also emphasised that locally based Indigenous driven dispute resolution mechanisms offer invaluable opportunities to develop coordinated planning and engagement processes enabling the most effective use of government resources on the ground.

From 2003 to 2006 the Commonwealth Government funded the Indigenous Facilitation and Mediation Project (IFaMP) at the Australian Institute of Aboriginal and Torres Strait Islander Studies. The focus of the research was to:

- Identify best practice in Indigenous decision making and conflict management with particular reference to native title contexts;
- Find ways of building on Indigenous ways of making decisions and managing conflict in the design and implementation of flexible, responsive, reliable and sustainable decision-making and dispute management systems;
- Raise awareness of the need for procedural expertise and skills and long term relationship building in dealing with Indigenous decision-making process and conflict management beyond a more common emphasis on substantive outcomes; and
- Develop a national model for accredited regionally-based Indigenous facilitators and mediators who are supported and mentored appropriately.

The research found that:

- There is a critical the need for Indigenous people to have ready access to Indigenous practitioners in addressing disputes amongst themselves and with non-Indigenous people;
- The lack of local capacity in mediation and facilitation, including the ability to access Indigenous dispute management practitioners often results in considerable delays in dealing with disputes;
• Delays in dealing with matters often leads to the escalation of disputes making them more difficult to manage than if they had been ‘nipped in the bud’;
• Stakeholders throughout Australia, and particularly those in regional and remote areas, wanted greater access to well trained and locally based Indigenous dispute management practitioners; and
• This was seen as important as facilitating Indigenous decision-making and managing disputes was core business, not only for those who work in native title, but for all who work with Indigenous people, for many years to come and beyond the life of IFaMP.

In 2007-2008 the Federal Court of Australia’s undertook the Indigenous Dispute Resolution and Conflict Management Case Study Project (the Project). The Project was established following investigations and consultations carried out by the National Alternative Dispute Resolution Advisory Council (NADRAC) and the Indigenous Facilitation and Mediation Project (IFaMP) at the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS). In separate reports published in 2006, NADRAC and IFaMP identified a need for case study research to support the development of effective approaches to Alternative Dispute Resolution in the Indigenous context. The Project produced a report entitled Solid Work You Mob Are Doing which found that:
• Dispute resolution and conflict management in the Indigenous context can be seen as part of a broader process of assisting Indigenous peoples to create, develop and implement their own decision making, dispute management and engagement systems.
• The focus of effective policy should therefore be identifying, supporting, extending and networking the people and processes that are already working in Indigenous communities, rather than on intervening to ‘fix’ a specific problem.
• Whole-of-community approaches need to be agreed and designed by community members.
• This requires effective dialogue, involving, in the first instance, individuals, interest groups and services within the community itself, and then extending to include regional service deliverers and policy makers, to discuss the specifics of achieving more coordinated approaches.
• Ultimately, interagency cooperation and coordination, whole-of-community approaches and partnerships require the development of integrated decision-making systems ‘from the ground up’ and ‘top down’.
• Effective locally based dispute management systems can help communities to develop protocols for engagement which enable communities to know what is being proposed, to negotiate matters that directly affect their future and to influence, shape and change the systemic and structural causes of conflict in their communities.

The Yuendumu Mediation and Justice Committee has evolved a locally based model of dispute resolution that is able to quickly respond to emerging conflict. The model has extended to involve mediators at a whole of community level on a range of dispute prevention approaches as well including school on country visits, assisting neighbouring communities to manage conflicts that they are experiencing and Visiting Elders programs through the Department of Corrections which involve visiting prisoners and assisting them to remain connected with community including conflict resolution processes that may be taking place.

The approach developed clearly matches the range of recommendations detailed in the research findings. As the CBA demonstrates this approach offers significant savings to government through the creation of holistic, culturally competent, locally tailored dispute management approaches that enjoy the confidence of Indigenous community members along with other community stakeholders.
Attachment E

The Yuendumu Mediation and Justice Committee Mediators

Directors Elected at 2013 AGM
Chair: Robert Robertson
Replaced by Walter Lechleitner as Acting Chair when Robert became Coordinator in August 2014
Deputy Chair: Walter Lechleitner
Replaced by Valerie Martin as Acting Deputy Chair when Walter became Acting Chair in August 2014
Other Directors: Enid Gallagher, Lottie Robertson, Georgina Wilson
Executive Members:
1. Eddie Robertson
2. Elizabeth Katakarkinja
3. Angeline Tasman
4. Nellie Wayne
5. Massie Wayne
6. Robin Granites
7. Serina Shannon
8. Jimmy Langdon
9. Elizabeth Lechleitner
10. Ormay Gallagher
11. Otto Sims
12. Warren Williams
13. Jean Brown
14. Anthony Egan

Circle of Elders (Advisory Committee):
1. Peggy Brown
2. Cecil Johnson
3. Harry Nelson
4. Wendy Brown
5. Michael Watson
6. Gertie Brown
7. Francis Kelly
8. Coral Gallagher
9. Johnny Miller
10. Thomas Rice
11. Tommy Watson
12. Marlette Ross
13. Lucky Langdon
14. Tess Ross
Attachment E

Yapa way of mediation

YAPA (TRADITIONAL) WAY OF MEDIATION

In April 2013 Yuendumu residents came together and made a joint commitment to keep the peace in their community. Nearly 250 people including youth, men, women and senior people joined the Yuendumu Mediation and Justice Committee to participate in the Yapa (traditional) mediation process at Yuendumu.

Neutral elders and leaders performed the mediation by playing the role of messengers, passing the message from one side to another then inviting both conflicting sides to come together at the Community Footy Oval.

Everyone sat in a large circle. Mediators and leaders stood up in the middle. Spokespeople and elders from both sides were provided equal time to express their feelings and stories. One of the mediators dug a large hole in the ground which was then filled with rubbish and sand. The rubbish symbolised all the troubles from the past. “What you bury in the ground you don’t bring back...... that’s the understanding,” he explained.

Everyone agreed on the statement saying, “yuyayi” (yes).

The people from both sides apologised to each other by shaking hands and exchanging hugs. Some were in tears saying sorry for what had happened in the past. Many people were saying, “We are one family.”

Yapa people solved this dispute by themselves and for themselves. Everyone is looking forward to making Yuendumu a better place to live.

We would like to thank the whole community, especially community leaders, elders and family members for teaching everyone the Yapa (traditional) way of solving disputes.

Madhu Punchee
25 May 2013
On behalf of (Yuendumu Mediation and Justice Committee)
Yuendumu Family Violence and Mediation Program
Central Desert Shire
**Attachment F**

**Potential for Social Impact Bond funding of YM&JC**

The defining characteristic of Social Impact Bonds (SIB) is the contingent nature of the bond’s repayment. Payment by results means that the investors in SIB will only be paid if the service provider, funded by the SIB, achieves specified outcomes.

In the case of YM&JC there are several outcomes that governments might be willing to pay for. Reduced numbers of Yuendumu residents in the criminal justice system would save substantial government expenditures. The CBA values this at $764,000 per year. At an interest rate of 5% this would service a bond of over $15 million.

**Social Impact Bond financing cycle**

![Social Impact Bond Financing Cycle Diagram](source)

SIBs shift government expenditure into the future by substituting investor’s money for current spending. If the social impact is sufficiently large the government should also reduce its total spending by enough to repay the bond with interest plus achieve overall savings. Due to the contingent nature of the SIB, if the funded project is not successful in reducing government spending, the SIB is not repaid. This shifts project risk from the government to the investors.

It is expected that reliance on non-government investors should make funding easier for innovative social impact projects such as the YM&JC. Non-government investors are likely to have a social interest in the projects they are funding and be willing to try innovative approaches.
**Potential government savings from Social Impact Bonds**

Governments have great difficulty funding preventative projects where more immediate needs have the loudest supporters. SIBs allow government to fund preventative projects, like YM&JC, without cutting funding for immediate needs. Projects like YM&JC will reduce future immediate needs thereby freeing government resources to repay the SIB investors. If the projects do not generate savings they do not have to be repaid.

Implementing the SIB financing model requires supporting legal, financial and government infrastructure. This infrastructure has been established in the UK and SIB financing began there in 2010 and is growing. SIB have now begun in Australia, the Netherlands and the US. In 2013, the New South Wales Treasurer signed Australia’s first two Social Benefit Bonds. These fund projects to help children at risk. Financial returns to these investors began in 2014.

The 2011, Commonwealth Senate Economics References Committee Report—*Investing for good: the development of a capital market for the not-for-profit sector in Australia*, recommended that the Commonwealth government identify policy areas where social impact bonds could be applied, including intractable problems in Indigenous communities.

A Western Australian report\(^{10}\) has recommended the use of SIBs in addressing Aboriginal disadvantage in the areas of alcohol and substance abuse; chronic health problems; criminal justice; early childhood; education and training; homelessness; and mental health. It is likely that projects in Indigenous communities would benefit from SIBs.

---

\(^{10}\) Charlton K, Douglas E, Flatau P & I Gill, 2013, Understanding Social Impact Partnerships, University of Western Australia, Perth.
While SIBs are a potential source of funding for the YM&JC in the longer term, currently, the YM&JC depends on traditional grant funding.
Independent Cost Benefit Analysis of the Yuendumu Mediation and Justice Committee

What is a cost benefit analysis?

Governments spend money on lots of things. Sometimes it is really easy to see the value of those things. Schools help kids get educated, hospitals help people get well and when governments build new roads that helps transport move more easily.

Sometimes it can be hard for government to know if the money they are spending is doing a good job. This can be hard to know when something new comes along like the Yuendumu Mediation and Justice Committee. Everyone agrees the Committee has helped to bring peace to Yuendumu but what sort of benefits does this peace bring?

A cost benefit analysis is one way of working this out. A cost benefit analysis works out all the money that has been spent or all of the costs of the Committee and then looks for all the benefits or savings that have been delivered by the work of the Committee.

Sometimes benefits or savings come about straight away and sometimes they are in the future. The cost benefit analysis tries to find all these costs and benefits.

If the savings and benefits are bigger than the costs then the cost benefit analysis has shown that the program offers government good value for money.

What did the Cost Benefit Analysis of the Yuendumu Mediation and Justice Committee find?

The Yuendumu Mediation and Justice Committee saves the government lots of money and brings lots of benefits to Yapa as well.

For every dollar the government spends on the Yuendumu Mediation and Justice Committee, the work of the Committee provides benefits of $4.30. Much of this $4.30 goes to government because it means they need to spend less on things like police, courts, prison and housing repairs.

Some of this $4.30 goes directly to people in Yuendumu because the work of the Committee helps to keep them safer and healthier and helps kids go to school and all of these benefits means the government saves lots of money and Yuendumu is a better place for everyone to live.

How does the Committee save the government so much money and bring so many benefits?

There are lots of ways the Yuendumu Mediation and Justice Committee saves money and brings benefits. Some of those have come about straight away.

Less money needed for police, courts and prison.

The work of the Committee in restoring and keeping peace in Yuendumu means less money is spent on police. A more peaceful Yuendumu means less Yapa going to court and to prison. It also means less money on housing repairs and less money on mediators from the Community Justice Centre. These are some big savings for government.

The Yuendumu Mediation and Justice Committee has also saved the government lots of money into the future as well and brought lots of benefits to Yapa in Yuendumu. Some of those future benefits and savings are:

**Better education for kids**

A more peaceful Yuendumu means more kids are likely to go to school, they learn things more easily when they go to school because they are not stressed and worried about the fighting and this means some kids will even stay in school for longer. All of this means kids get a better education and this means when they are grown up they will earn more money.

This does two things it brings the benefits to the kids when they are grown up and earning more money and it also saves the government money because when those kids are grown up earning their own money they are looking after themselves rather than needing welfare.

**Healthier kids and adults in Yuendumu**

When there is lots of fighting people can get hurt and this means they need to go to the Clinic or to hospital in Alice Springs. A more peaceful Yuendumu saves government money on health.

Also when there is fighting, adults and kids get stressed and worried and this can make them sick not just now but in the future too.

So a more peaceful Yuendumu helps adults and kids stay strong and healthy now and in the future. Strong healthy people get the benefit of being well and they cost the government less money because they need less health services and they can work longer and look after themselves rather than needing welfare.

**A peaceful Yuendumu is more productive.**

Whenever there is a conflict in a community it costs the government lots of money. Conflict can mean people leave the community and it can make really difficult to offer services and programs.

With less people it is more expensive for government to deliver things in communities. If the conflict also means services and programs can’t be delivered this makes communities very unproductive places to live.

By helping to deal with conflict the Yuendumu Mediation and Justice Committee has kept people in community and has meant services and programs can be delivered. All of this makes Yuendumu a safer, healthier, happier and more productive place to live. And safer, healthier, happier and more productive places to live save the government money.

Every $1.00 spent on the Yuendumu Mediation and Justice Committee returns $4.30 in benefits. This is an excellent result.
The graph below compares the costs and benefits of the Yuendumu Mediation and Justice Committee. It looks at this over a 10 year period. Ten years is good amount of time to get a clear picture of both the costs and the benefits of the work of the Committee.

**Costs and benefits of the Yuendumu Mediation and Justice Committee**
2014 dollars discounted by 2% over ten years

What else does the Cost Benefit Analysis show?

The Cost Benefit Analysis shows that it would make good economic sense to make wider use of the YM&JC mediation model.

For example, if a Community Mediation Service like the one in Yuendumu was set up in Willowra this would also bring lots of savings to government and benefits to the people in Willowra and surrounding communities.

The Yuendumu Mediation and Justice Committee have with the support of Central Desert Regional Council done the hard work of bringing and maintaining peace in Yuendumu. They have worked very hard and this hard work has brought lots of benefits in lots of ways. These benefits are being experienced right now and will continue into the future. This Cost Benefit Analysis has shown that this hard work and all these benefits will make the work of government easier and more efficient.
Independent Cost Benefit Analysis of the Yuendumu Mediation and Justice Committee

The Yuendumu Mediation and Justice Committee (YM&JC) is an innovative, responsive and highly effective Indigenous designed and driven community initiative that has succeeded in restoring stability and harmony to the community of Yuendumu. By doing so it has played a powerful role in breaking cycles of disadvantage, distress and suffering caused by unmanaged community conflict. It is a positive and compelling example of the drive, vision and commitment of Aboriginal people in Central Australia to take control and responsibility for matters in their community and their effectiveness and skill in doing so. The Central Desert Regional Council (CDRC) established and managed the YM&JC as part of its responsibility for service delivery to CDRC residents. The Commonwealth Department of Prime Minister and Cabinet was the principal funder.

Professor Anne Daly, of the University of Canberra, directed an independent economic Cost Benefit Analysis of the YM&JC. This rigorous CBA establishes that the YM&JC delivers Australia a substantial economic net benefit. The present value (PV) of its benefits outweighs its costs 4.3 times over. This is a very high rate of return on society’s resources consumed in the project. The difference between the benefits and costs, the Net Present Value (NPV), is a substantial $14.2 million dollars over the ten year period of analysis.

The YM&JC is clearly a very efficient use of Australian resources. * This conclusion is strengthened by the inclusion of sensitivity and distributional analysis. The CBA involved extensive consultation with the major stakeholders.

The settlement of community conflict in Yuendumu is a continuing process using significant economic resources. The peaceful settlement of these violent conflicts will free resources for other economic opportunities, increase the productivity of resources in Yuendumu and provide major benefits to the people of Australia. The Yuendumu Mediation and Justice Committee minimises the resources required for conflict resolution and makes investments the community more productive.

The graph above compares the costs and benefits of the Yuendumu Mediation and Justice Committee. It looks at this over a 10 year period. Ten years is good amount of time to get a clear picture of both the costs and the benefits of the work of the Committee.

This CBA supports a wider use of the YM&JC mediation model. For example, the proposed Willowra Community Mediation Service would be expected to give a substantial positive economic return. The Central Desert Regional Council (CDRC) is seeking funding to extend the YM&JC model to Willowra as part of its responsibility for service delivery to CDRC residents.

The YM&JC benefits are broadly based. The benefit of reduced use of resources comes from several government departments covering health, housing, mediation, courts, prisons and policing. The benefit of greater productivity of existing resources comes through Yuendumu community services, better education and better health outcomes.

<table>
<thead>
<tr>
<th>Costs</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.37</td>
<td>$4.14</td>
</tr>
<tr>
<td>$2.01</td>
<td>$2.7</td>
</tr>
<tr>
<td>$1.73</td>
<td>$3.11</td>
</tr>
<tr>
<td>$1.41</td>
<td>$1.73</td>
</tr>
<tr>
<td>$0.59</td>
<td>$1.8</td>
</tr>
<tr>
<td>$0.72</td>
<td>$1.32</td>
</tr>
<tr>
<td>$0.26</td>
<td>$2.7</td>
</tr>
</tbody>
</table>

* In a recent OECD publication “A ratio below 1 is considered poor, a ratio between 1 and 1½ low, a ratio between 1½ and 2 medium and a ratio above 2 high” (Persson & Song 2010:33). For comparison the World Bank (2011:4) estimates benefit cost ratios for Indonesian urban sanitation projects at 1.1 to 2.4, the Productivity Commission (2013:27) estimates the benefit cost ratio of smart electrical meters at 2.7 and the South Australian Centre for Economic Studies (2010:95) estimates a benefit cost ratio of Opal fuel at 3.7.