



2018|19

*A Connected Community  
without language barriers*

**ANNUAL REPORT**

**ANNUAL REPORT**

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2018|19



## Who we are

NAATI is the national standards and certifying authority for translators and interpreters in Australia. It is the only organisation to issue certification to practitioners who wish to work in this profession in Australia.

NAATI is a not for profit company that is jointly owned by the Commonwealth, State and Territory governments. We are governed by a Board of Directors, who are appointed by the owners.

## What we do

NAATI's mission is to set and maintain high national standards for the translating and interpreting sector to ensure a supply of appropriately certified professionals to meet the changing needs of Australia's culturally and linguistically diverse society.

This is achieved by:

- Ensuring high national standards for the profession through a robust national certification system.
- Strengthening access and equity for individuals from culturally and linguistically diverse communities, the Deaf community and Aboriginal and Torres Strait Islander peoples.

NAATI Certification provides quality assurance and confidence to consumers who rely on translator or interpreter services to participate effectively in our society. It also gives credibility to agencies that engage certified practitioners.

“ Nearly 30% of people  
who call Australia home  
were born overseas. \* ”



\* Australian Bureau of Statistics – population by country of birth (2018)



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# MESSAGE FROM THE CHAIR



It is with pleasure that I present my second annual report as the Chair of the NAATI Board. The 2018-19 year has been a significant year in progressing NAATI's national certification system.

Since its introduction in January 2018, over 15,000 credentials have been awarded to over 10,500 practitioners under the certification system.

The certification system provides quality assurance and confidence to individuals who rely on translator and interpreter services to participate effectively in society. NAATI's testing system is robust, innovative and unique from a global point of view. No other country has a universal national certification system with the number of languages and types of certifications at different levels and specialisations like Australia.

We are proud of the work done to date; however, there is still more to be done in test development to offer certification testing in more languages. This will continue to be a priority during 2019-20.

NAATI's vision is for a connected community without language barriers. In late 2018, the Board finalised its Strategic Plan 2019-2021. This Plan is instrumental to deliver this vision through five strategic pillars:

- Driving innovation and quality in certification
- Promoting brand awareness and engagement
- Ensuring financial sustainability
- Building organisational capability
- Supporting the development and sustainability of the profession.

I would like to thank the Member Governments and the wide range of individuals and organisations that provided input into developing this Plan. Significant work is underway across the business and in partnership with key stakeholders to deliver the key actions under the Plan.

NAATI has invested significant funds under its Industry Development Fund (\$250,000 per annum), Research Fund (\$50,000 per annum)

“The certification system provides quality assurance and confidence.”



and sponsorship of major conferences to support the translating and interpreting industry in Australia. During 2018-19, the NAATI Board approved funding for three projects under the Industry Development Fund and two projects under its Research Fund.

Important work continued under the Indigenous Interpreting Project (the Project), funded by the Federal Government. The Project is critical in improving access to services for Indigenous people by increasing the number of certified Indigenous language interpreters. A key priority for the NAATI Board will be further development of work in this area and the appointment of the new National Indigenous Languages Interpreting Advisory Committee (NILIAC) from 1 July 2019 will be critical in this work. I thank the NILIAC and outgoing members for their work this year and welcome our new members.

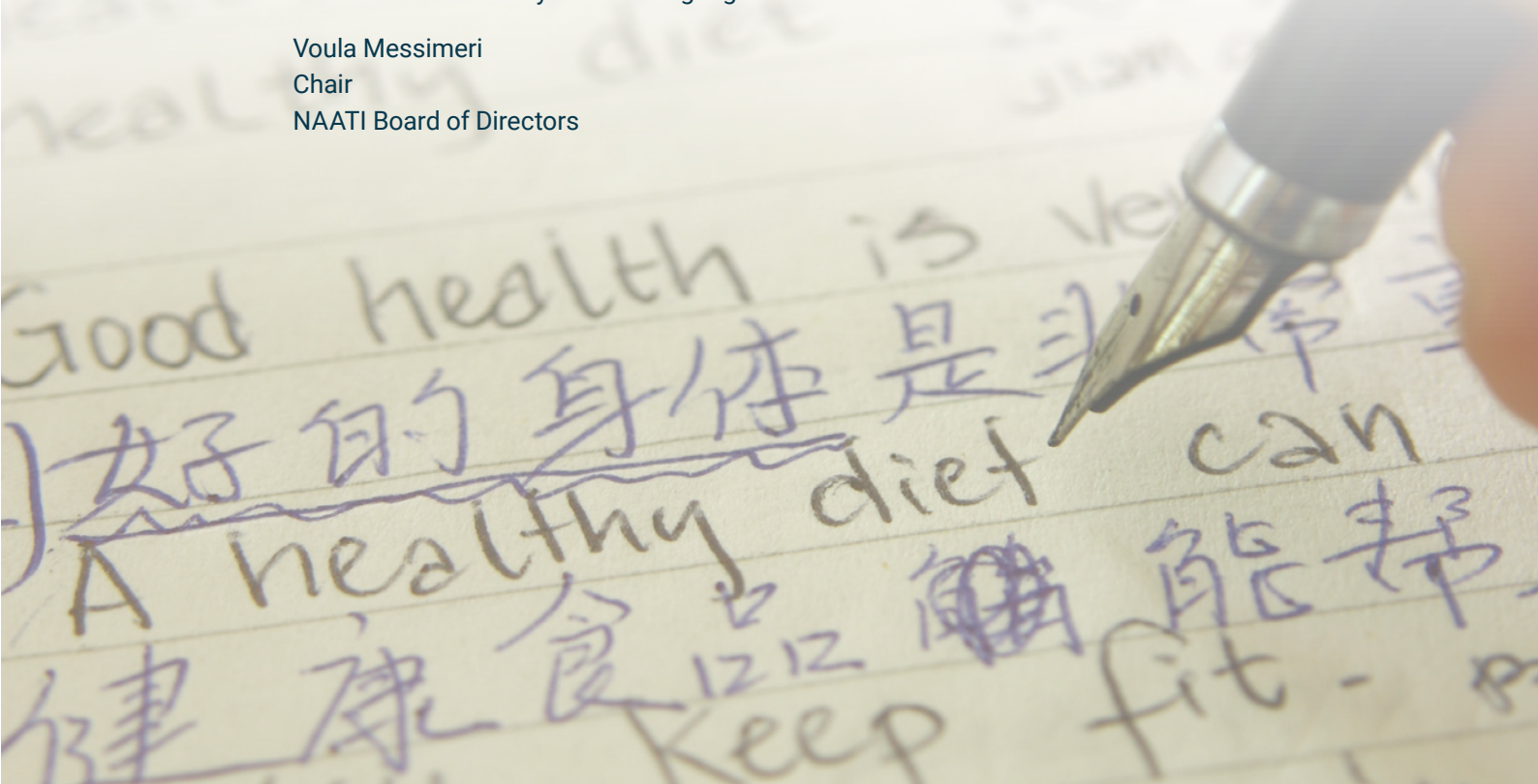
I would also like to thank Professor Ludmila Stern, Chair of the Technical Reference Advisory Committee (TRAC) and committee members for their valuable work during the year in providing expert advice to the NAATI Board and management team.

I also thank my fellow Directors for their invaluable support and professionalism over the past year: Pino Migliorino, John Williams, Mary Gurgone, Mitra Khakbaz and Dr Michael Cooke.

On behalf of the Board, I would like to thank NAATI's CEO, Mark Painting, for his outstanding leadership and dedication through this significant change and growth period and the management team and staff for their hard work and commitment during the year.

I look forward to working with my fellow Directors, NAATI management and staff, our Advisory Committees and key industry stakeholders in 2019-20 to progress NAATI's vision for a connected community without language barriers.

Voula Messimeri  
Chair  
NAATI Board of Directors



# MESSAGE FROM THE CEO



The 2018-19 year was an extremely busy one for NAATI and it is important to take stock of the significant achievements and work undertaken.

During the year, 3,157 applications for transition to the certification system were received, with 5,784 credentials issued as a result. There was a concentrated effort to expand the range of languages available for certification testing during the year. The critical design and development effort will continue through 2019-20 to ensure a wider selection of languages can be tested in 2020 and 2021.

During 2018-19, the test design for Certified Specialist Interpreter (Health and Legal) tests progressed. Test pilots were run in Mandarin and Japanese and, following the completion of piloting and further refinement, the first tests are expected to be held in the latter half of 2019. The first

Certified Conference Interpreting (CCI) test was held in February 2019 with the issuing of the first CCI credentials under the new testing system.

NAATI's Certification system is underpinned by greater emphasis on education and training and ongoing professional development. NAATI-certified translators and interpreters must show evidence of continuing work practice, ethical conduct and professional development to recertify their credentials. Recertification commenced in October 2018 and, up to 30 June 2019, NAATI received 1,511 applications for recertification. This provides assurance that NAATI-certified translators and interpreters have the ongoing demonstrated ability to meet the professional standards required by the industry in Australia.

There was a healthy operating result during 2018-19. This will enable NAATI to deliver key strategic initiatives outlined in the Strategic Plan 2019-2021 as well as better support for the profession through investments such as the Industry Development Fund. During 2018-19, several IT enhancements were introduced to improve the customer interface and experience.

The Board approved an ICT Strategy during the first half of 2019 that will be a transformational program across the business, including people capability, improving our corporate support systems, and streamlining and automating design and testing processes. This will ensure NAATI establishes a 'fit for future' organisation that has the capability to deliver our strategic priorities and improve services for our customers.

NAATI has continued its efforts to engage with key stakeholders on significant matters relating to the translating and interpreting industry. NAATI had the privilege of presenting at several key major national and international events such as the Critical Link International Conference in Tokyo where NAATI's national certification system was well regarded by other countries.

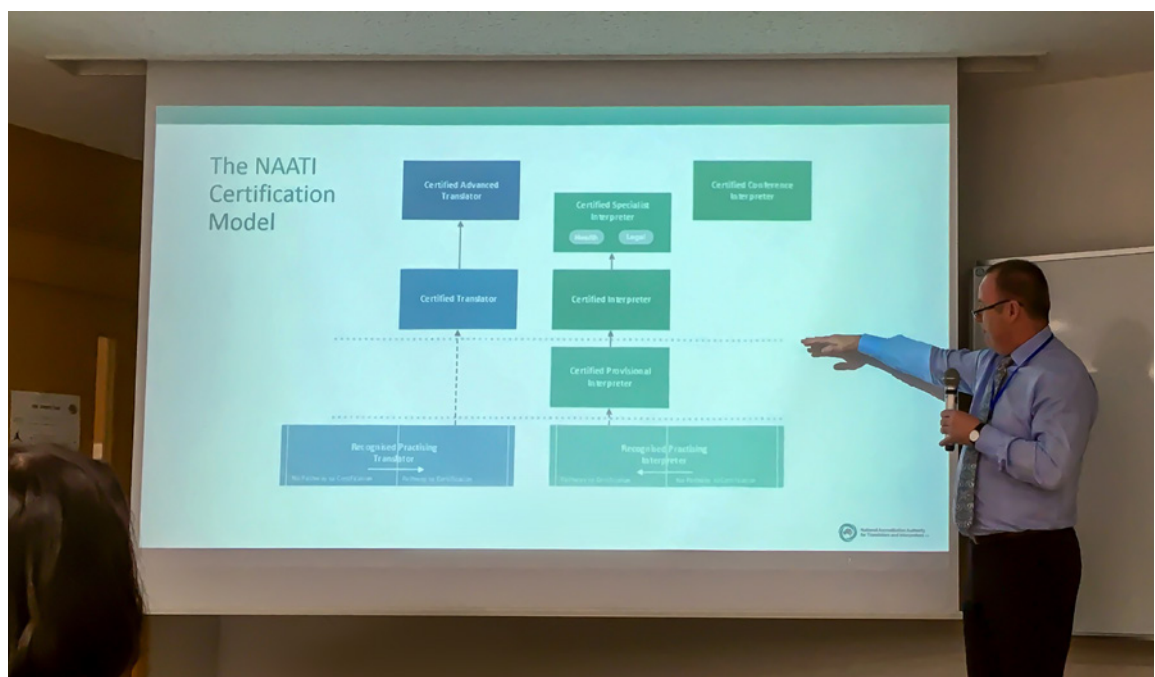
During 2018-19, NAATI also continued its involvement with several working groups and industry initiatives. These partnerships are important to NAATI and I was personally pleased to continue collaborating with Standards Australia, the Judicial Council on Cultural Diversity, the Migrant and Refugee Women's Health Partnership and Lifeline's Domestic and Family Violence Response Training (DV-alert) on meaningful projects relevant to the translating and interpreting sector.

The significant achievements delivered during 2018-19 would not be possible without the support of our Member Governments, key industry stakeholders, professional associations and various advisory committees, education institutions, examiners, role-players and test invigilators. I wish to acknowledge and thank all these contributors who support NAATI's important work.

I also wish to thank our management team and staff for their dedication and support during an extremely busy but rewarding year.

Finally, I thank the NAATI Chair and Board for its continued support and leadership. I look forward to the busy year ahead as we continue to work on the key actions outlined in the Strategic Plan.

Mark Painting  
Chief Executive Officer



NAATI CEO, Mark Painting, speaking at the Critical Link International Conference: "Interpreting in the age of Artificial Intelligence" in Tokyo, June 2019.





## ABOUT NAATI

1



# MEMBERS OF NAATI & THEIR REPRESENTATIVES

NAATI's Members are the nine Ministers responsible for multicultural/settlement, language and/or citizenship affairs for the Commonwealth, State and Territory governments.

Members may appoint a representative to exercise any of their powers in relation to the company and all have done so.

New Members of NAATI appointed during the year were:

- Commonwealth – Hon. David Coleman MP
- ACT – Mr Chris Steel MLA
- NSW – Hon. Anthony John Sidoti MP
- NT – Hon. Nicole Manison MLA
- VIC – Hon. Richard Wynne MP
- TAS – Hon. Roger Jaensch MP

AS AT 30 JUNE 2019 THE MEMBERS OF NAATI AND THEIR REPRESENTATIVES WERE:

### COMMONWEALTH

**Member: Hon. David Coleman MP**

Minister for Immigration, Citizenship,  
Migrant Services and Multicultural Affairs

**Represented by: Mr Luke Mansfield**

First Assistant Secretary  
Refugee, Humanitarian and Settlement Division,  
Immigration and Settlement Services Group;  
Department of Home Affairs

### AUSTRALIAN CAPITAL TERRITORY

**Member: Mr Chris Steel MLA**

Minister for Transport and City Services, Minister for Community  
Services and Facilities, Minister for Multicultural Affairs,  
Minister for Roads

**Represented by: Ms Jenny Wells**

Senior Manager  
Community Services Directorate (ACT Government)  
Office of Multicultural Affairs

### NEW SOUTH WALES

**Member: Hon. Anthony John Sidoti MP**

Minister for Sport, Minister for Multiculturalism,  
Minister for Seniors and Veterans

**Represented by: Mr Joseph La Posta**

Chief Executive Officer  
Multicultural NSW

## NORTHERN TERRITORY

### **Member: Hon. Nicole Manison MLA**

Minister for Police, Fire and Emergency Services; Treasurer;  
Minister for Multicultural Affairs

### **Represented by: Ms Michelle Walker**

Executive Director, Community Services  
Department of Housing and Community Development

## QUEENSLAND

### **Member: Hon. Stirling Hinchcliffe MP**

Minister for Local Government, Minister for Racing,  
Minister for Multicultural Affairs

### **Represented by: Mr Wayne Briscoe**

Executive Director,  
Multicultural Affairs Queensland and Engagement  
Department of Local Government, Racing and Multicultural Affairs

## SOUTH AUSTRALIA

### **Member: Hon. Jing Lee MLC**

Assistant Minister to the Premier

### **Represented by: Ms Justine Kennedy**

Acting Director, Multicultural Affairs  
Department of the Premier and Cabinet

## TASMANIA

### **Member: Hon. Roger Jaensch MP**

Minister for Aboriginal Affairs, Minister for Disability  
Services and Community Development, Minister for Housing,  
Minister for Human Services, Minister for Planning

### **Represented by: Ms Wanda Buza**

Assistant Director, Specialist Policy  
Communities, Sport and Recreation Tasmania  
Department of Premier and Cabinet

## VICTORIA

### **Member: Hon Richard Wynne MP**

Minister for Planning, Minister for Housing,  
Minister for Multicultural Affairs

### **Represented by: Mr Hakan Akyol**

Director, Community Participation Branch,  
Multicultural Affairs and Social Cohesion Division  
Department of Premier and Cabinet

## WESTERN AUSTRALIA

### **Member: Hon. Paul Papalia CSC MLA**

Minister for Tourism, Minister for Racing and Gaming,  
Minister for Small Business, Minister for Defence Issues,  
Minister for Citizenship and Multicultural Interests

### **Represented by: Ms Kim Ellwood**

Acting Executive Director, Office of Multicultural Interests  
Department of Local Government, Sport and Cultural Industries

## THE BOARD OF DIRECTORS



### VOULA MESSIMERI AM

#### CHAIR

Ms Voula Messimeri AM was appointed to the NAATI Board of Directors on 1 November 2014, bringing to the Board significant experience and skills as an executive and non-executive director. Voula is the immediate past CEO of the Australian Greek Welfare Society (AGWS) and a past Chair of the peak multicultural national body, the Federation of Ethnic Communities' Councils of Australia (FECCA). She has served in leadership positions on several community management bodies and on Boards such as the RMIT University Council and the RMIT Training Board, a controlled entity of the RMIT University.

Voula served for 15 years as Director on the Victorian Interpreting & Translating Service (VITS) Board and occupied the role of Deputy Chairperson twice in that time. She has served on Ministerial State and Federal advisory structures across diverse areas, including health, ageing, income support and media, and was a member of the Australian Multicultural Advisory Council. Voula has occupied the role of Chairperson and, until recently, as Patron of In Touch Inc. (the Multicultural Centre against Family Violence).

She is a Fellow of the prestigious Williamson Community Leadership Program and has been awarded Honorary life membership for significant contributions and leadership by FECCA and AGWS. The Greek Government recognised her service to the Australian Greek diaspora in 2009.

Voula was inducted into the Victorian Honour Roll of Women and recognised under the Order of Australia for her contribution to refugees, migrants and women. Ms Messimeri's term expires on 31 October 2020.



*Voula Messimeri speaking at the Symposium on Gender-based Violence in Melbourne.*

## THE BOARD OF DIRECTORS



### GIUSEPPE (PINO) MIGLIORINO AM

#### DEPUTY CHAIR

Mr Pino Migliorino AM was appointed to the NAATI Board of Directors on 15 May 2014. He was born in Bari, Italy in 1959 and migrated to Australia in 1964. Pino founded Cultural Perspectives Group twenty-four years ago. This group of companies are sector leaders in consulting, researching and communicating with culturally and linguistically diverse (CaLD) and Indigenous communities in Australia. Prior to working in the private sector, Pino held important positions in the third sector and in government, including Executive Officer of the Ethnic Communities Council (ECC) of NSW, NSW Regional Coordinator for the Office of Multicultural Affairs, Senior Conciliator at the Human Rights and

Equal Opportunities Commission (HREOC) and Principal Policy Officer at the Ethnic Affairs Commission of NSW. Pino is an acknowledged expert in immigration, multicultural affairs and social policy areas relevant to diversity. In 2017, he was made a member of the Order of Australia. Pino has a BA and Dip. Ed (Secondary), is a Fellow of the Public Relations Institute of Australia (PRIA), a Graduate of the Australian Institute of Company Directors (GAICD) and a Qualified Practicing Market Researcher (QPMR). Mr Migliorino's term expires on 14 May 2020.



### JOHN WILLIAMS PSM

Mr John Williams was appointed to the NAATI Board of Directors on 1 September 2014. John joined the Department of Immigration in Melbourne in 1964 where he gained extensive senior management experience before retiring in December 2008. His extensive overseas appointments include serving in the Australian High Commission London from 1973 to 1975, the Australian Embassy in Belgrade from 1975 to 1977 and 1983 to 1985, the Australian Embassy in Cairo from 1978 to 1979, and the Australian Consulate Cape Town from 1979 to 1982. John was extensively involved with multicultural and consular communities in his assignments both overseas and in Australia. While working in Australia, he built strong working relationships with other government agencies at the Federal and State levels. John was awarded

a Public Service Medal (PSM) in the Queen's Birthday Honour list in 2008 in recognition of his work with Australia's multicultural communities. Since retiring from the public service, he has established his own consultancy to assist multicultural communities to better connect with and access services within society. Mr Williams' term expires on 31 August 2020.

## THE BOARD OF DIRECTORS



### MARY GURGONE

Ms Mary Gurgone was appointed to the NAATI Board of Directors on 1 November 2014, and has been the National Director for Fortis Consulting since 2009. Fortis is one of the top 30 management consulting firms in Western Australia. Mary migrated to Australia from Italy and has a lifelong commitment to cross-cultural and cross-linguistic communication. She has a Master of Business, teacher training and vocational training qualifications, a Bachelor of Arts (English and Italian), and NAATI accreditation as a professional translator and interpreter. Mary is passionate about quality in translating and interpreting and has worked tirelessly for the translating and interpreting profession. She was a national president of the Australian Institute of Interpreters and Translators Inc. (AUSIT), State President of

AUSIT WA (1989-2002) and is a Fellow of AUSIT. Mary continues to lead strategic national projects related to Australian multiculturalism as well as supporting the Zonta House Women's Board (of which she was formerly Chair) through conducting the Board Skills Audit and being a member of the External Relations Committee. She is focussed on governance, having completed the Australian Institute of Company Directors Course. Ms Gurgone's term expires on 31 October 2020.



### MITRA KHAKBAZ

Ms Mitra Khakbaz was appointed to the NAATI Board of Directors on 1 December 2016. Mitra is the Deputy CEO of HOST International working across the Asia Pacific region. She was formerly the Executive Manager with MDA Ltd, where she oversaw regional settlement, employment, community wellbeing, youth settlement, case work and intensive support services. She has worked in the multicultural sector since coming to Australia from Iran in 1994. She has a strong commitment to women's and children's rights and in 2013 was awarded a Churchill Fellowship for improving the economic participation of refugee women at risk. Mitra has many years of high-level involvement with various community organisations. She was a Board Member of DV Connect for over 10 years until 2012 and has been a management

committee member of the Immigrant Women's Support Service and the Churchill Fellowship Association of Queensland. Mitra is currently the co-chair of the Queensland Community Alliance and is also a Director with the Buddies Refugee Support Group. Mitra holds a Master's Degree in Applied Linguistics, a Master's Degree in Social Administration and a Postgraduate Diploma in Community Development and Social Policy. Ms Khakbaz's term expires on 30 November 2019.



## THE BOARD OF DIRECTORS



### DR MICHAEL COOKE

Dr Michael Cooke was appointed to the NAATI Board of Directors on 1 December 2017. He is a linguist and Principal of Intercultural Communications, which provides training for Indigenous language interpreters and consultancy services for agencies that use them, particularly in the health, legal and judicial domains. He completed his PhD in linguistics in 1997, becoming a specialist in legal interpreting and forensic linguistics. Michael is a NAATI-recognised practising interpreter and translator in Djambarrpuyngu, one of the languages spoken by the Yolngu people of North East Arnhem Land. He is widely known as an expert in his field, researching, presenting, providing expert evidence as a forensic linguist and publishing extensively in language and law. Michael has a long-standing professional relationship

with NAATI, beginning with chairing the Northern Territory Regional Advisory Committee in 1995. Dr Cooke's term expires on 30 November 2020.



*NAATI Board of Directors.*



## OUR STRATEGIC PRIORITIES

### Strategic Plan 2019 - 2021

In late 2018, the NAATI Board approved a new three-year Strategic Plan (2019 – 2021) following an engagement process with key stakeholders.

### Vision

Our vision is for a connected community without language barriers.

### Mission

Our mission, as outlined in the Company Constitution, is to set and maintain high national standards in the translating and interpreting sector to enable the existence of a supply of appropriately credentialed translating and interpreting professionals, responsive to the changing needs and demography of Australia's culturally and linguistically diverse society.

Achieving this mission will maximise people's ability to engage and participate in Australian society.



## STRATEGIC PILLARS

There are five strategic pillars underpinning the strategic plan







*NAATI Board Director, John Williams, speaking at the Victorian Multicultural Commission Interpreters Scholarship Presentation event, May 2019 in Melbourne (Photo: Artificial Studios).*

## THE YEAR IN REVIEW

2



## Certification

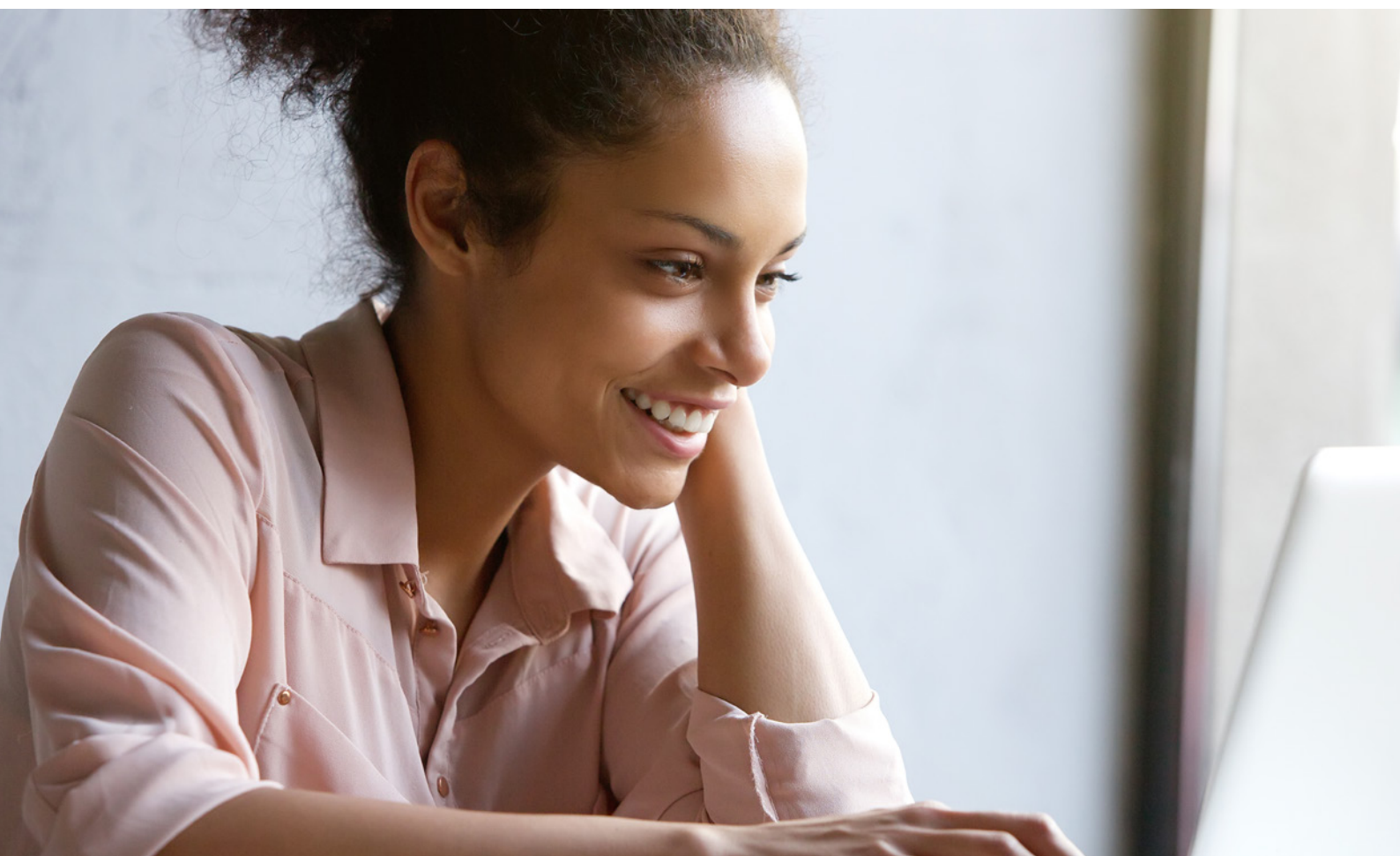
NAATI's Certification system came into effect from 1 January 2018. It has been designed to evaluate whether a candidate is competent to practise as a translator or interpreter. It does this by setting minimum standards of performance across a number of areas of competency.

NAATI assesses translation and interpreting candidates against these standards to ensure that translators and interpreters can work effectively in the industry. Candidates who demonstrate that they meet these standards are awarded NAATI Certification.

Certification is underpinned by a greater emphasis on education and training and ongoing professional development.

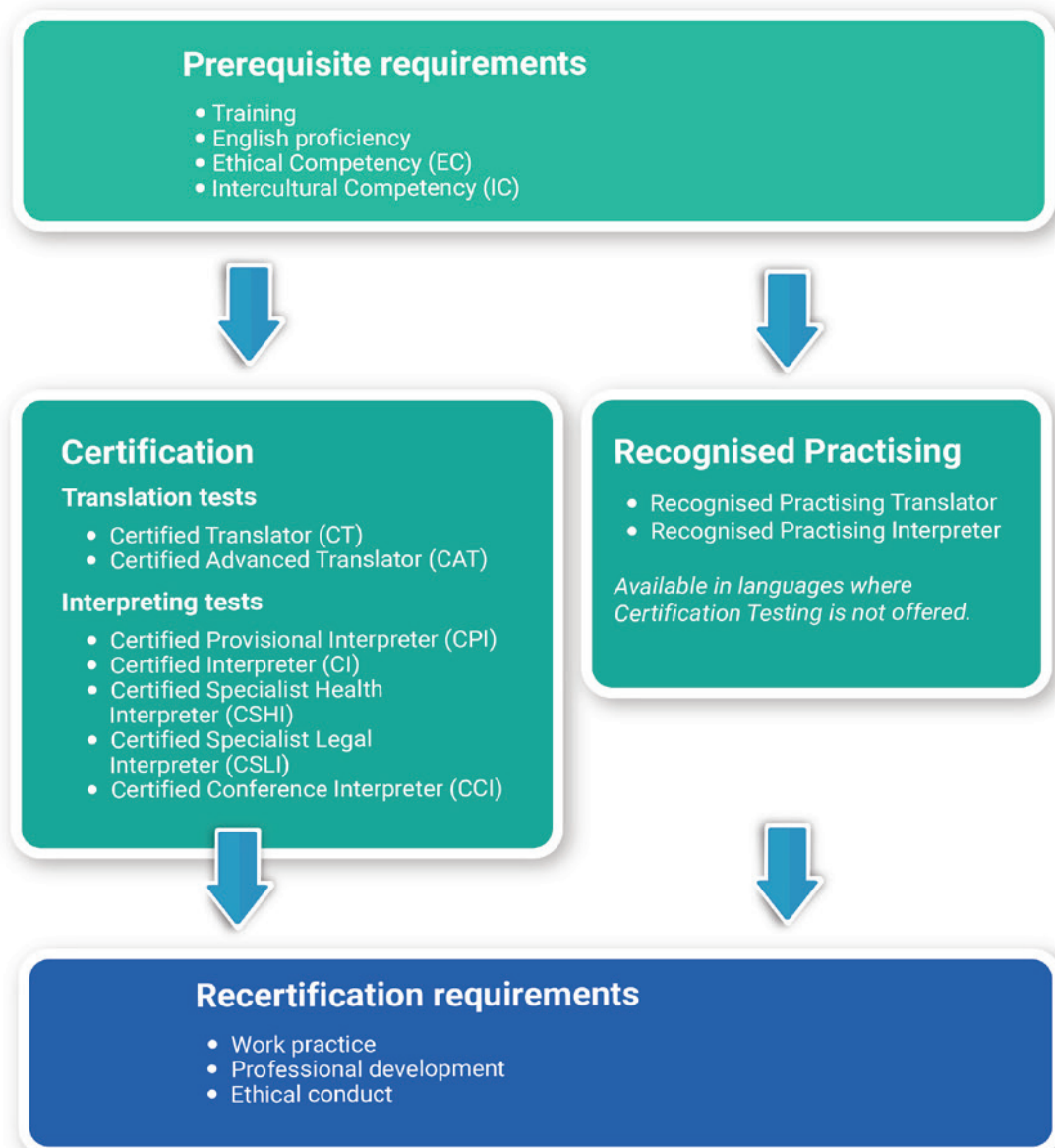
Certification is made up of three components:

- 1. Satisfying the prerequisites:** essential criteria required to be eligible for the certification test.
- 2. Passing the certification test:** performance-based test of translating or interpreting skills. Certification is awarded on passing this test.
- 3. Satisfying the recertification requirements:** must be met every three years to retain certification. Practitioners who are not able to meet these requirements will not be recertified.



## The Certification system

There are several pathways to gain a NAATI Certification or Recognised Practising credential. Each pathway has a number of **prerequisites** an individual needs to satisfy before they can sit a certification test.



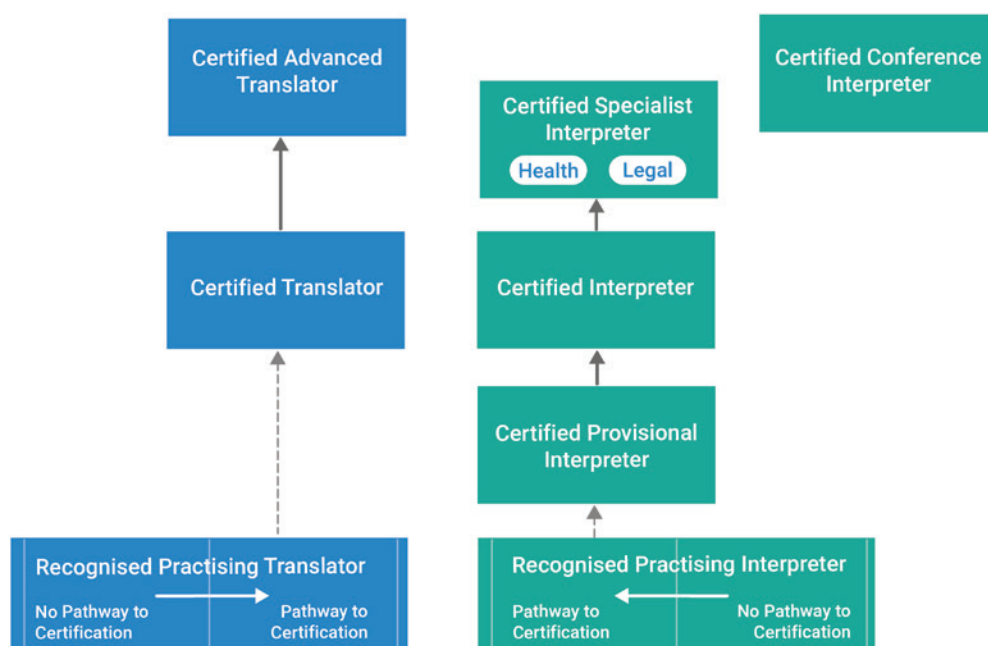
## Prerequisites

All prerequisite pathways require an individual to meet NAATI's standards for language, ethical and intercultural competencies and minimum training requirements. These include:

- **Language competency:** meeting the English proficiency standard set by NAATI. This may require sitting a formal English proficiency test (e.g. IELTS)
- **Intercultural Competency:** completing specialised training or passing the NAATI Intercultural Competency test
- **Ethical Competency:** completing specialised training or passing the NAATI Ethical Competency test
- **Interpreting and/or translation training:** minimum training requirements are specific to each credential level, ranging from completion of a short training course for entry level credentials to completion of a higher education qualification for advanced level certifications.

## Types of credentials

There are many different types of credentials awarded through NAATI's certification system. NAATI has certified practitioners across 171 languages including Auslan and Indigenous languages. The figure below shows the types and inter-relationships between credentials.



A **Recognised Practising credential** is granted in languages of low-demand and/or languages of emerging communities, where NAATI does not offer testing.

## Practitioner numbers

As at 30 June 2019, there were 10,647 practitioners holding 15,658 credentials.

**10,647** practitioners

**15,658** credentials



## Transition

Transition is the process where practitioners who hold accreditation or recognition under the pre-2018 system can apply for a comparable certification credential.

We received 3,157 applications for transition during 2018-19 with 5,784 credentials issued to practitioners transitioning to certification.

**3,157** applications for transition

**5,784** credentials

### Testing

Our Certification testing system is robust, innovative and unique from a global point of view. It improves the validity, reliability and practicality of assessments. As at 30 June 2019, NAATI offered certification testing in 23 languages.

The system includes new test formats, such as live role-played interpreting tests and computerised translations. Tests are assessed using an objective rubric system where the focus is on candidate performance rather than errors. Each test task is assessed by at least two examiners and, where there is a disagreement, referred to a third marker.

During 2018-19, the test design for Certified Specialist Interpreter (Health and Legal) tests progressed. A comprehensive consultation process was undertaken with specialist interpreters, medical and legal professionals to inform the design process. Interpreter test pilots were run in Mandarin and Japanese. Following the completion of piloting and further refinement, the first tests are expected to be held in late 2019.

The first Certified Conference Interpreting (CCI) test was held in February 2019. This new NAATI test involved significant development, drawing on consultations with experienced Conference Interpreters, and is innovative in format and delivery. The first CCI credentials under the new testing system were issued during the year.





“

Our certification testing system is robust, innovative and unique from a global point of view.

”





*NAATI staff and role-players; Dustin Chen, Giacomo Carulli and Liam McCaul, simulate a test setting.*

## Tests delivered

Test Type	Location								Total
	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	
Interpreter									
Certified Provisional Interpreter	2	89		24	33		123	8	279
Certified Interpreter		23		2	1		32		58
Certified Conference Interpreter		33							33
Translator									
Certified Translator > English	9	51		17	15	5	57	5	159
Certified Translator > LOTE	9	167		18	40	158	53	18	463
Prerequisite Testing									
Ethical Competency	2	37	36	22	7	7	38	22	171
Intercultural Competency	3	40	34	24	8	8	41	26	184
Other Testing									
Community Language Aide				1			27		28
Credentialed Community Language	1501	5027	1	1708	1173	809	5231	1,039	16,489
Total	1526	5467	71	1816	1277	987	5602	1,118	17,864

**Table 1.** NAATI tests for the period of 1 July 2018 to 30 June 2019, showing the skill and type of credential.

## Credentials awarded

Certification	Transition	Testing	Total
Certified Conference Interpreter	19	2	21
Certified Advanced Translator	18		18
Certified Interpreter	751	9	760
Certified Translator > English	729	13	742
Certified Translator > LOTE	2328	25	2353
Certified Provisional Interpreter	1699	27	1726
<b>Sub-total</b>	<b>5544</b>	<b>76</b>	<b>5620</b>

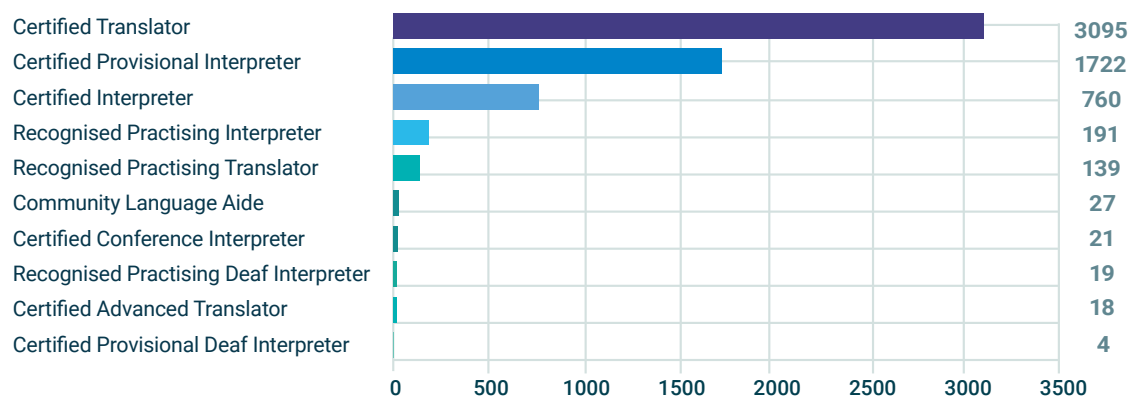
Recognised Practising	Assessment		
Interpreter	112	98	210
Translator > English	70	7	77
Translator > LOTE	58	4	62
<b>Sub-total</b>	<b>240</b>	<b>109</b>	<b>349</b>

Other testing			
Community Language Aide			27
<b>Total</b>	<b>5784</b>	<b>185</b>	<b>5996</b>

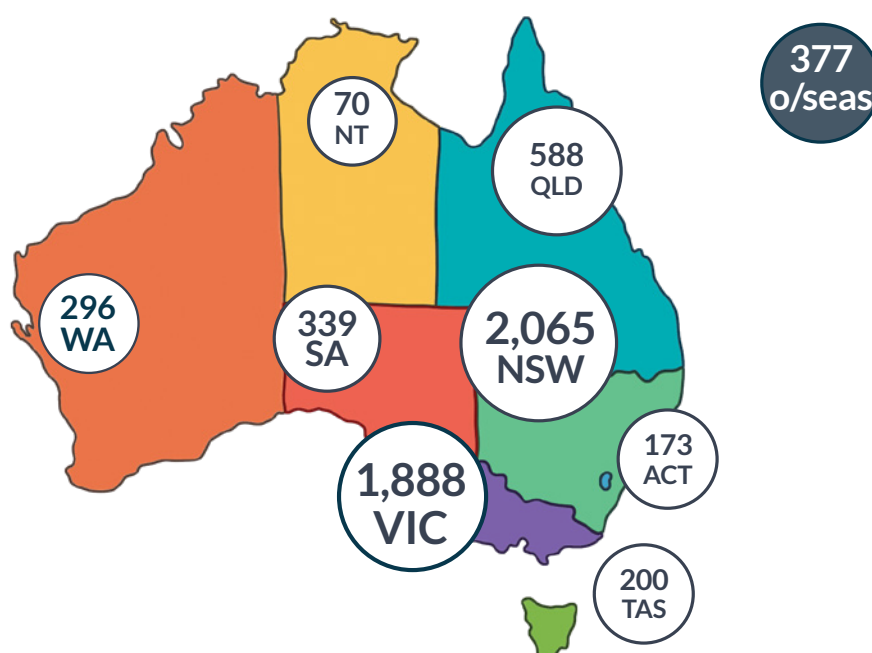
**Table 2.** NAATI credentials awarded for the period of 1 July 2018 to 30 June 2019, showing the level, and type of credential obtained, and the relevant pathway.

## Credentials by level and type



**Graph 1.** NAATI credentials awarded for the period of 1 July 2018 to 30 June 2019, showing the level, and type of credential obtained.

## Credential distribution



**Fig 1.** NAATI credentials awarded by State or Territory.



## Indigenous Language Interpreters

97

CREDENTIALS IN

1

Certified Interpreter

77

Certified  
Provisional Interpreters

30

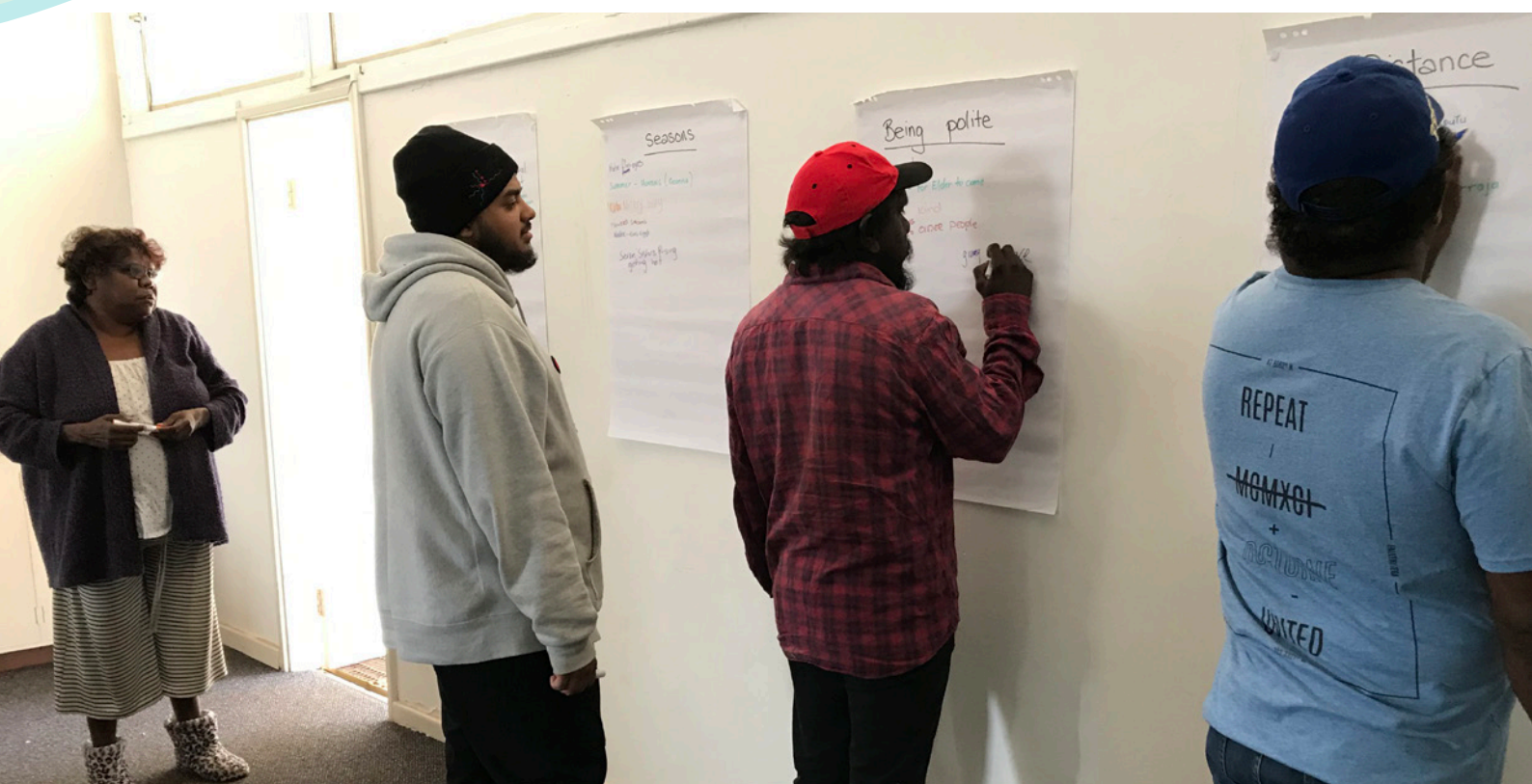
INDIGENOUS LANGUAGES

3

Recognised  
Practising Interpreters

16

Recognised  
Practising Translators



Participants in a workshop preparing for the Intercultural and Ethical Competency test in Kalgoorlie, May 2019.

## Auslan Interpreters



# 133

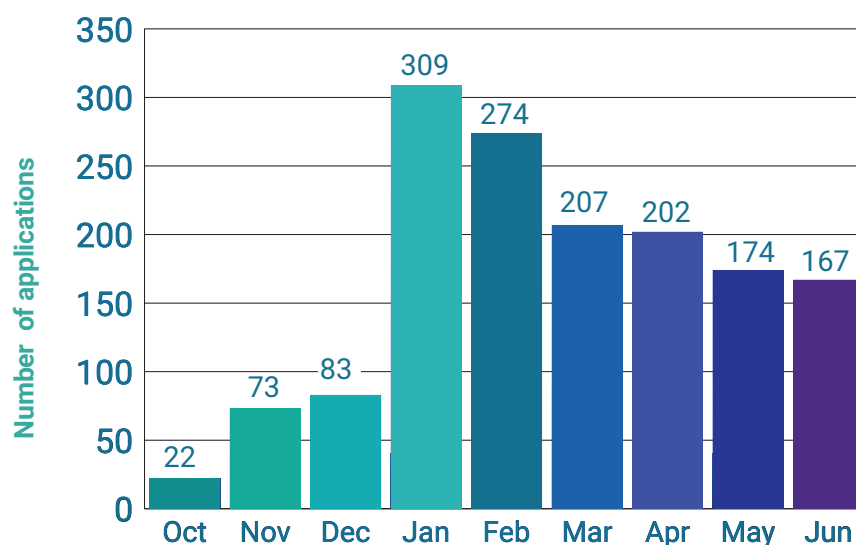
**CREDENTIALS IN AUSLAN**

**33** Certified  
Interpreters - Auslan

**100** Certified  
Provisional Interpreters - Auslan

## Recertification

From the commencement of recertification in October 2018 until 30 June 2019, NAATI received 1,511 applications for recertification.



**Graph 2.** Recertification applications received by month.



*NAATI staff: Sarah Lattimore and Nora Sautter with Dr Stephen Doherty, Sean Cheng and Professor Sandra Hale at a presentation to students about certification at the University of New South Wales in Sydney.*

## Endorsed Qualifications

NAATI Endorsed Qualifications are tertiary translation and interpreting qualifications (diploma-level or higher) conducted by Higher Education and Vocational Education and Training (VET) institutions that have been acknowledged by NAATI as teaching and assessing the skills and knowledge required by the translating and interpreting profession.

NAATI endorsement acts as a quality seal that gives credibility to an institution's qualification(s).



### Endorsed Qualification program

**31** Institutions

**71** Qualifications

**3000+** Students enrolled

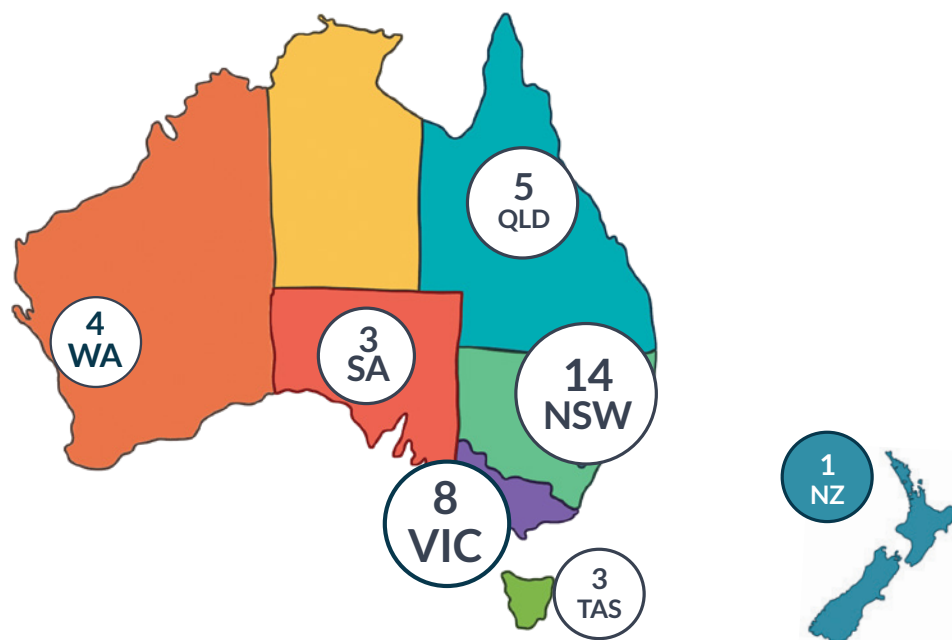
### New since last financial year

**1** Institution transitioned from Approved Course to Endorsed Qualification

**3** Institutions newly endorsed

**2** New qualifications

## Distribution of institutions



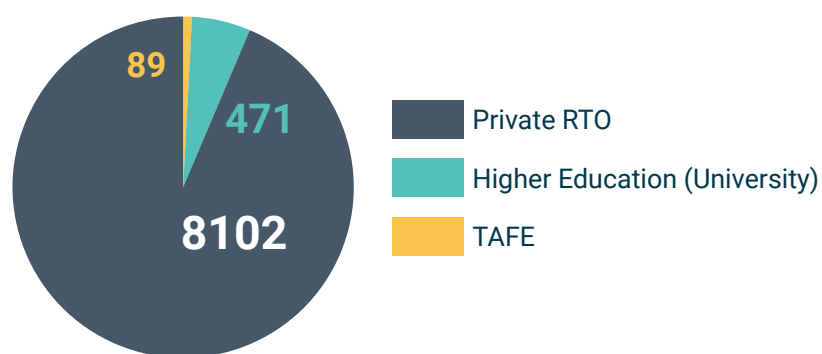
**Fig 2.** Distribution of Institutions (including campuses) offering Endorsed Qualifications.



### Accreditation by Approved Course

NAATI has been transitioning the Translating and Interpreting industry from the old Accreditation system to the current Certification system since January 2018.

Endorsed Qualifications have replaced Approved Courses as the way NAATI assesses training provided by Higher Education (Tertiary) or Vocational Education and Training (VET) institutions. However, there continued to be a large number of applications for Accreditation by Approved Course in 2018-19. These are students who were enrolled but had not completed their Approved Course at the end of 2017, and therefore entitled to complete the course under the conditions they applied.



Graph 3. Breakdown of credential by institution type.

### Community Language Aide testing

Community Language Aide (CLA) testing is a language competency test. It can be used in the public and private sector to determine eligibility for language allowances. It is appropriate for anyone needing to communicate at a basic level in a Language Other Than English (LOTE) in the workplace. Candidates who pass a CLA test are not qualified to act as an interpreter or translator but can perform customer-service related tasks in the LOTE.

CLA Testing was introduced in 2018-19 with 28 tests taking place in the following 10 languages:

<b>MANDARIN</b>	<b>10</b>	<b>HINDI</b>	<b>1</b>
<b>ARABIC</b>	<b>6</b>	<b>JAPANESE</b>	<b>1</b>
<b>CANTONESE</b>	<b>4</b>	<b>KOREAN</b>	<b>1</b>
<b>ITALIAN</b>	<b>2</b>	<b>PORTUGUESE</b>	<b>1</b>
<b>GREEK</b>	<b>1</b>	<b>PUNJABI</b>	<b>1</b>



## Credentialed Community Language testing

As part of certain points-based visa applications made to the Department of Home Affairs, individuals who pass the NAATI Credentialed Community Language (CCL) Test can claim CCL points (sometimes referred to as the 'five bonus points'). An individual who has passed a CCL test is not certified to work as an interpreter or translator.

During 2018-19, 16,489 CCL tests were delivered in 45 languages. The top 10 languages were:

<b>MANDARIN</b>	<b>3014</b>	<b>BANGLA</b>	<b>828</b>
<b>PUNJABI</b>	<b>2760</b>	<b>SINHALESE</b>	<b>814</b>
<b>HINDI</b>	<b>2133</b>	<b>VIETNAMESE</b>	<b>492</b>
<b>NEPALI</b>	<b>1735</b>	<b>PERSIAN</b>	<b>463</b>
<b>URDU</b>	<b>1550</b>	<b>CANTONESE</b>	<b>331</b>

## Other implementation work

We launched the new National Credentialing Management System (NCMS) in January 2018 to support Certification. Significant effort and resources were invested in 2018-19 to continue implementation of core business features and functionality of NCMS. During 2018-19, many enhancements were also introduced to NCMS and the customer portal, myNAATI, contributing to an improved customer interface and Certification management system. This has increased operational efficiency and improved customer experience.

In addition to the work on NCMS and myNAATI, we have invested in corporate and IT systems to improve our business operations, corporate functionality and efficiency. These changes have significantly improved internal management of customer demand and customer experience. During 2018-19, we also invested resources into streamlining our existing IT environment to further enhance our capacity and capability to deliver an exceptional customer experience. This work will continue in 2019-20 as part of the roll-out of our Information and Communication Technology (ICT) Strategy.





OUR PEOPLE

3

## Organisation structure & staffing profile

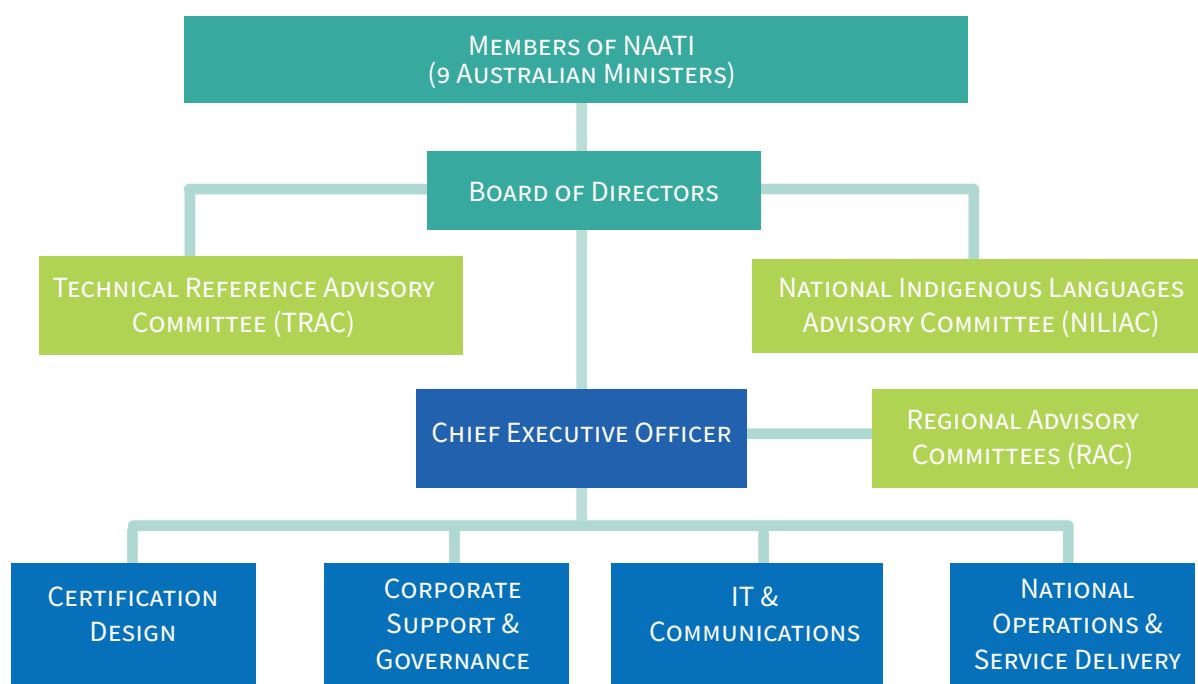
NAATI's head office is in Canberra. We also have offices in Adelaide, Brisbane, Hobart, Melbourne, Perth and Sydney.

During 2018-19, NAATI's workforce grew significantly with the implementation of the Certification testing system. As at 30 June 2019, NAATI employed:

- 40 full-time staff
- 21 part-time staff
- Over 300 casuals supporting NAATI's testing system, comprising of office staff, test invigilators and role-players.

NAATI continues to develop workforce capability in priority areas such as leadership, policy development, information technology, change and project management, and customer service. During the year, significant work went into developing a management structure to include succession planning and to establish a 'fit for future' organisation that has the capability to deliver NAATI's strategic priorities.

The following diagram shows the structure of our organisation:





## Our values

NAATI has a set of Values and Workplace Standards for its management and staff. These are embedded in NAATI's performance management processes, culture of diversity and respect and commitment to customer service.





*NAATI staff members from left: Aurélie Sheehan, Katrin Praseli and Anas Ahmed*

## Our culture

NAATI is committed to diversity in the workplace and has over 350 employees across a wide range of cultures.

We celebrated the diversity and wellness of our staff through activities during the year including:

- A lunch to celebrate Harmony Day on 21 March 2019. Staff shared dishes representing each person's own cultural background.
- Participation in the ACT Government Healthier Work Program. As part of the program, we have developed an annual health and wellbeing plan and activities, that shows our commitment to workplace health and wellbeing. In June 2019, NAATI was awarded a Gold Status certificate under the program.
- We developed a draft Reconciliation Action Plan – at its heart, reconciliation is about strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples, for the benefit of all Australians.

NAATI is identifying opportunities to engage and learn through experiences with Indigenous Australians to build trust and respect.

Karen Demmery, a Wiradjuri woman from Dubbo NSW from the TLMC (Trauma, Leadership, Mental Health and Coaching) Institute came to share her story as an Indigenous woman at our Reconciliation Week morning tea in our national office in Canberra.

A group of NAATI staff participated in a Collaborative Hands Painting Workshop at Burrunju Aboriginal Corporation, located at the Aboriginal and Torres Strait Islander Centre (Canberra) in June 2019. This group developed an artwork, which will be displayed in NAATI's National Office, describing our reconciliation journey.



## NAATI Committees

NAATI relies on external advice and expertise through its Committees to help with our work. These Committees include:

1. Technical Reference Advisory Committee
2. National Indigenous Languages Interpreting Advisory Committee
3. Regional Advisory Committees.

We would like to take this opportunity to thank and acknowledge all our committee members for their valuable contributions throughout the year. The contacts that are established and maintained through these committees are key to NAATI's ability to grow to meet the needs of the sector.

### Technical Reference Advisory Committee

The Technical Reference Advisory Committee (TRAC) was established during 2016-17 in preparation for a period of significant system and organisational reform.

The TRAC is the primary source of expert advice to the Board and NAATI staff on technical translating and interpreting (T&I) matters. The Committee provides independent advice on technical and strategic policy to ensure NAATI is equipped for its role in the contemporary T&I industry.

As an advisory body, the TRAC has no executive powers or decision-making authority but complements NAATI management and other governance committees as well as the network of Regional Advisory Committees (RACs).

TRAC Members are selected due to their broad experience and specific expertise in the T&I profession. During 2018-19, the following people served on the committee:

- |   |  |
|---|--|
| • Professor Ludmila Stern (Chair)                   | • Dr Marc Orlando                                    |
| • Gulnara Abbasova                                  | • Magdalena Rowan                                    |
| • Tea Dietterich                                    | • Ranja Zayed  |
| • Dr Adolfo Gentile                                 | • Patricia De Avila<br>(term ended 30 December 2018) |
| • Dr Miranda Lai<br>(term commenced 1 January 2019) | • David Deck<br>(term ended 30 December 2018)        |
| • Sandra Leane                                      |  |

The committee held three meetings during 2018-19.



## National Indigenous Languages Interpreting Advisory Committee

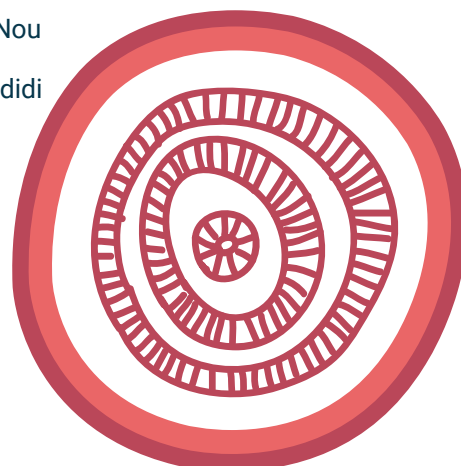
“In some parts of Australia  
61% of Australians speak an  
Aboriginal or Torres Strait  
Island Indigenous language  
at home.”\*

The role of the National Indigenous Languages Interpreting Advisory Committee (NILIAC) is to provide advice to the Board and NAATI staff on issues relating to Indigenous interpreting. The committee fosters communication between NAATI and Indigenous communities in support of our objective to improve the supply and demand for qualified Indigenous interpreters.

During 2018-19, the NILIAC was comprised of members who had expertise in Indigenous language interpreting, training, education and/or service provision in South Australia, Western Australia, the Northern Territory and Queensland.

The following people served on the NILIAC during 2018-19:

- Colleen Rosas
- Julie Walker
- Della Pearce
- Deanne Lightfoot
- Georgina Nou
- Leonora Adidi



\* Australian Bureau of Statistics – population by country of birth (2018)



## Regional Advisory Committees

Regional Advisory Committees (RACs) have existed in some form since the 1980s. They assist NAATI with regular advice across Australia, from members of the profession and the community.

Committee members are drawn from a cross-section of the profession including representatives from professional associations, language service providers, government agencies, educational institutions, and individual practitioners.

RAC Members are appointed via a nomination through their local NAATI office. The main role of the Regional Advisory Committees is to provide advice to NAATI on all local matters relevant to industry needs and professional issues in the respective state or territory. The RACs also facilitate the exchange of information among local networks of practitioners, educators, industry, government and other stakeholders.

There are active RACs in New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia.

During 2018-19, approximately 24 meetings were held across all states.

## Examiner Panels and Role-players

Examiner Panels are essential in ensuring NAATI is able to set and maintain the high professional standards translators and interpreters are assessed by. Through a selective recruitment process, examiners are contracted to a panel of expertise. As members of a panel, examiners set and mark a variety of tests.

We gratefully acknowledge the critical wealth of expertise that examiners contribute to NAATI and to the maintenance of the standards of the profession. As at 30 June 2019, there were 58 examiner panels operating with 275 examiners. NAATI runs ongoing examiner development activities including general panel meetings and test-specific setting and marking workshops. These activities aim to provide the panels with an opportunity to have face-to-face discussions and to enhance panels' performance in setting and marking NAATI tests. In 2018-19, NAATI conducted almost 50 language-specific workshops, focused on the setting and marking of certification tests.

During 2018-19, NAATI undertook extensive recruitment and training of Role-players across 17 languages. Role-players are a critical part of NAATI's Certified Provisional Interpreter and Certified Interpreter tests, playing an essential part in the 'simulations' of real-life situations that an interpreter may face. As at 30 June 2019, NAATI had employed over 240 Role-players.





*NAATI staff receiving the Gold Status certificate under the the ACT Government's Healthier Work Program.*



## OUR PROJECTS

4



*Intercultural and Ethical Competency workshop participants: Carmel Brand, Sandra Evans, and Diane Brand in Kalgoorlie, Western Australia.*

# Indigenous Interpreters Project

## Project background

In 2012, NAATI began working with the Australian Government and the Northern Territory Aboriginal Interpreter Service (NTAIS) to increase the number of credentialed Indigenous language interpreters.

In 2015, NAATI was funded by the Department of the Prime Minister & Cabinet (PM&C) through the Indigenous Advancement Strategy (IAS) to continue this important work in South Australia, Western Australia, the Northern Territory and Queensland. In June 2017, PM&C confirmed the Indigenous Interpreters Project (IIP) will continue to receive funding to June 2021. From 1 July 2019, policy responsibility for oversight of the IAS funding grants will move from PM&C to the National Indigenous Australians Agency (NIAA).

The IIP aims to increase the number of certified Indigenous interpreters in Australia, focusing on priority areas. The three identified objectives of the project are:

1. Increase the number of certified Indigenous interpreters and examiners.
2. Increase the range of Indigenous languages for which there are certified Indigenous interpreters.
3. Increase the accessibility of interpreting resources for Indigenous interpreters and organisations.

## Activities during the year

The IIP continues to deliver Ethical and Intercultural training and testing workshops to Indigenous interpreting candidates across Australia. During 2018-19, six workshops were conducted, training and testing over 60 interpreting candidates in the Northern Territory, Queensland and Western Australia. Many of these candidates came from very remote locations spanning from the Western Desert area of Western Australia, to remote communities in the Central Desert and Top End of the Northern Territory, to the Torres Strait Islands.

The IIP is developing training materials including regular online webinars to prepare Indigenous candidates for their Certified Provisional Interpreter (CPI) tests, and role-players are being recruited and trained to help deliver the tests. Indigenous-appropriate dialogue prompts for interpreting testing have been developed and workshopped with certified Indigenous interpreters in nine languages, and Certified Provisional Interpreter testing will commence in 2019-20.

During the year, NAATI began planning for conducting Community Language Aide (CLA) testing in Indigenous languages for a number of Australian Government agencies. CLA tests are designed to assess the ability of bilingual staff to perform routine customer service-related



tasks in a language other than English. Staff that pass the test are entitled to a language allowance, and importantly, are recognised for their language skills on the job. An Indigenous Certified Interpreter has been trained to deliver the CLA test in two Torres Strait Islander languages.

NAATI continues to collaborate with a range of organisations, including NTAIS, the Aboriginal Interpreting WA (formerly the Kimberley Interpreting Service Aboriginal Corporation), Indigenous language centres and other organisations to ensure local community members are able to obtain interpreting training and certification. NAATI enlists professional trainers, linguists and Indigenous language experts and mentors to help deliver training.

NAATI has engaged the Aboriginal Resource and Development Services (ARDS) Aboriginal Corporation, a Darwin-based communications and media organisation, to produce a series of short videos with live Indigenous actors demonstrating principles from the AUSIT Code of Ethics for Translators and Interpreters. These videos, currently in post-production, will be used for training purposes during workshops and made available on our YouTube channel.



## Research Fund

The aim of the NAATI Research Fund is to broaden the scope of industry research projects and collaborations. NAATI has allocated \$50,000 per annum to promote relevant translating and interpreting research. Priority areas for funding include:

- **Certification system quality and scope** – funding could include research into the validation of test specifications or English language proficiency prerequisites.
- **Endorsed qualifications** – funding could include research into best practice in translating and interpreting specialisation education.
- **Translating & interpreting practice** – funding could include research into practitioner retention rates, demographics and strategies (i.e. why certified practitioners are retained or lost to the profession) or the identification of current gaps in professional development opportunities for translators and interpreters in Australia.
- **Broader industry** – funding could include research into the identification of priority languages to meet emerging demand within the translating and interpreting sector or the effectiveness of certification in improving standards in the industry.



During 2018-19, the Board approved funding for two projects:

- University of NSW – co-funded with the Australian Research Council and other partner organisations for research into Australian Judicial officers' communication and interaction with interpreters in court settings.
- Western Sydney University – co-funded with Multicultural NSW for research into the translation of official documents. The project will also develop research-based guidelines for a protocol for the translation of these documents.

## Industry Development Fund

The Industry Development Fund (the Fund) is a practical demonstration of NAATI's strong commitment to support the ongoing development of the translating and interpreting (T&I) profession. From 2018-19, the Board has allocated \$250,000 per annum to support the Fund.

The purpose of the Fund will be to assist projects that address industry issues such as capability, capacity building and innovation.

- **Capability** – projects should address issues relevant to professional development, practice methodologies and other performance or quality improvement in delivering T&I services and activities.
- **Capacity Building** – projects should address issues relevant to the range and nature of languages in which T&I capacity needs to be developed or enhanced.
- **Innovation** – projects could explore the impact of new technologies on practice and standard setting or the introduction of testing and credentialing frameworks.

During 2018-19, in addition to several professional development activities, the Board approved funding for three projects:

- The Australian Sign Language Interpreters Association – to provide capacity building through education to the Auslan<>English interpreting and deaf community.
- Office of Multicultural Interests (OMI), the WA Department of Local Government, Sport and Cultural Industries – to establish a training fund to support practitioners in Western Australia to undertake a four-unit course to meet the minimum training required for eligibility to sit a NAATI test. The project is jointly funded with OMI and the Australian Institute of Interpreters and Translators (AUSIT).
- Tasmanian Government – co-funding for a pilot project to provide training for interpreters in Tasmania to complete the four basic competency units under NAATI's certification system.



*Intercultural and Ethical Competency workshop attendees in Kalgoorlie, Western Australia.*

## OUR ENGAGEMENT

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### Industry engagement

We have continued our efforts to raise NAATI's profile, promote the benefits of engaging certified professionals and engage with key stakeholders on significant translating and interpreting industry matters.

Some of the major events attended during 2018-19 where NAATI presented include:

- Australian Sign Language Interpreters' Association (ASLIA) National Conference, Brisbane – Sept 2018
- International Metropolis Conference, Sydney – Oct-Nov 2018
- Australian Institute of Interpreters and Translators (AUSIT) National Conference, Adelaide – Nov 2018
- RMIT Domestic Violence Symposium, Melbourne – Dec 2018
- NSW Government Language Advisory Forum – Feb 2019
- NZSTI Conference, Christchurch NZ – Jun 2019
- CIUTI Conference, Melbourne – Jun 2019.



*Delegates from Australia and New Zealand at the NZSTI conference in New Zealand. Back: Quintin Ridgeway (NZSTI), Henry Liu (NZSTI), Hyden Toonen (NZSTI), Aurélie Sheehan (NAATI), and Peter Tuffley (NZSTI). Front: Karoline Spiessl (NZSTI), Magdalena Rowan (TAFE SA), and Nora Sautter (NAATI).*



NAATI CEO, Mark Painting, presented at the Critical Link International Conference in Tokyo: *"Interpreting in the age of Artificial Intelligence"* in June 2019. The NAATI national certification system is well regarded by other countries. Several countries identified the need for a national system like Australia – some countries have systems that are state-based or grouped by categories (i.e. health or legal). No country has a universal national certification system with the number of languages and types of certification at different levels and specialisations like Australia.

Mark Painting was also a panellist at the Symposium on Working with Interpreters (Supreme Court of Tasmania) in August 2018 and was Standards Australia's representative at the ISO Standards Committee (Translating, Interpreting and Related Technology) in Canada in June 2019.

Outside of these events, NAATI staff attended or held a number of forums and meetings across Australia with industry associations, tertiary education institutions, language service providers, international translation and interpreting leaders, government departments and other multicultural organisations.

We are proud to support the translating and interpreting industry in Australia and provide sponsorship for key events. The following events were supported by NAATI during 2018-19:

- ASLIA National Conference, Brisbane
- International Metropolis Conference, Sydney
- AUSIT National Conference, Adelaide
- RMIT Domestic Violence Symposium, Melbourne
- VicForum 2019 (*'Are you talking to me: The Power of Literacy'*), Melbourne
- Refugee Trauma Recovery in Resettlement Conference, Brisbane (Scholarship Sponsor)
- Language and the Law (Supreme Court NT), Alice Springs
- CIUTI Conference, Melbourne
- International Japanese-English Translation Conference (IJET), Cairns

NAATI is also a proud partial sponsor, together with the Victorian Government, of the Sedat Mulayim Award for Excellence presented at the Interpreter Scholarship Program (RMIT University). NAATI Board Member, John Williams, (accompanied by our CEO, Mark Painting) gave a congratulatory speech at the Interpreter Scholarship Graduation Ceremony for the 2018 graduates and 2019 scholarship recipients in May 2019.

### Our partnerships

During 2018-19, we continued our involvement with several working groups and industry initiatives. These partnerships are important as they are an effective medium to raise the profile of the Translating and Interpreting profession.

#### Judicial Council on Cultural Diversity (JCCD)

Over the last few years, NAATI has participated in a JCCD working group, collaborating with a range of professionals from the judiciary and the interpreting industry, to develop the Australian National Standards for Working with Interpreters in Courts and Tribunals (the Standards).

The Standards were officially launched in October 2017. The Standards establish protocols to facilitate improved access for people from culturally and linguistically diverse backgrounds to the justice system, enabling more equitable outcomes for the community. Significantly, the Standards also raise the profile and status of interpreters working in this field.

An Addendum to the Standards was published in May 2019 that explains the NAATI Certification model. It includes a quick reference for court officials to refer to when engaging interpreters.

A copy of the Standards and the Addendum can be found on the publications section of the JCCD website at [www.jccd.org.au](http://www.jccd.org.au).

#### Standards Australia ISO Mirror Committee

In 2016, Australia was awarded participant status on the International Organization for Standardization's (ISO) Committee (ISO/TC 37/SC 5) Translating, Interpreting and Related Technology. As a result, Standards Australia established an Australian Mirror Committee to ensure Australia's translating and interpreting sector is effectively engaged and involved with developing international standards.

NAATI continues to be involved with the important work of this Committee in influencing relevant standards and increasing the profile of the translating and interpreting profession in Australia. In April 2019, Standards Australia published an Australian Standard: *"Interpreting – Guidelines for Community Interpreting"* (AS 13611:2019).

NAATI's CEO was honoured to represent Australia (through Standards Australia's Australian Mirror Committee) at the ISO Standards Committee (Translating, Interpreting and Related Technology) meeting in Canada in June 2019.

## Migrant & Refugee Women's Health Partnership

The Migrant & Refugee Women's Health Partnership (the Partnership) brings together consultation groups, with the goal of developing a policy framework and specific strategies to improve health outcomes for women from migrant communities.

A dedicated sub-working group was established to support the Partnership in developing standards for effective communication with patients or consumers from non-English speaking backgrounds and for working with interpreters in health care settings. During the year, NAATI participated in the sub-working group, along with clinicians, interpreting practitioners and representatives from AUSIT.

In January 2019, the Partnership published the final cultural competency standards for clinicians: *"Guide for Clinicians Working with Interpreters in Healthcare Settings"*.

## Lifeline's Domestic and Family Violence Response Training (DV-alert)

During the year, our CEO participated in one of the four Subject Matter Expert Panels to assist in developing training for frontline staff working with interpreters under Lifeline's Domestic and Family Violence Response Training (DV-alert).

DV-alert, a nationally recognised training program, has been delivered by Lifeline since 2007. The program enables health, allied health and community frontline workers in Australia to recognise signs of domestic and family violence, respond with appropriate care and refer individuals to relevant support services. DV-alert is a key initiative under the National Government's Plan to Reduce Violence against Women and their Children 2010-22.

### Digital communications

NAATI continued to invest significant time and resources towards making updates to the NAATI website and online portals. These platforms are NAATI's first point of communication with current and future practitioners and anyone wanting to learn more about the Translating and Interpreting industry.

Throughout the year we actively expanded our digital presence through our owned media channels:

- NAATI website
- MyNAATI – our customer portal
- Electronic Direct Messaging (EDMs)
- Twitter
- LinkedIn
- Google MyBusiness Listings - one for each NAATI office
- YouTube

### NAATI website

During the year, we commenced a project to redesign our website. A specialist web design company has been engaged and a new content management system will be used. This will allow for the development of continued improvements to the website for both our visitors and NAATI staff. This work is expected to be completed in 2019-20.

### Website users

The NAATI website has thousands of visitors every day, and is one of our most important communication assets. During 2018-19, the website received:

- 716,136 users – 29% increase on 2017-18
- 1,270,425 user sessions – 27% increase on 2017-18
- 2,885,649 page views – 15% increase on 2017-18
- 37.89% of users from VIC, 35.38% from NSW, 12.26% from QLD, and 6.22% from WA

The busiest month for the website was March 2019, followed by May 2019. Significant jumps in website activity occur when candidates are notified about additional CCL test sessions.



The most popular pages for visitors:

- Home page
- CCL testing
- CCL practice materials
- Resources and forms
- Certification
- Certification testing, (Certified Translator)
- Contact us page
- Certification prerequisites - training
- Preparing application evidence
- Accreditation by Approved Course

## Engagement with website users

Throughout 2018-19, we conducted a website user survey, which was packaged into three versions, one for each group of website users:

1. NAATI practitioners and e-news subscribers
2. Website users
3. NAATI staff

The total number of responses from people who completed the survey was 689, including 23 staff members. This gives NAATI important data to use in redesigning the website and its content. The survey also recorded feedback about the myNAATI customer portal and the online directory.

## NAATI News

Subscribers grew from nearly 7,500 in July 2018 to over 10,000 in June 2019.

News content included:

- Messages from the CEO
- Important information such as new testing dates, security updates and pricing changes
- Upcoming professional development events
- Promoting industry conferences and the International Year of Indigenous languages
- Articles contributed by practitioners and other stakeholders.

The NAATI News continues to be our preferred engagement method with practitioners and other stakeholders, and is used to make major public announcements. It has a high engagement with about 63% of subscribers opening the e-news every month.

### Social media

NAATI's social media profile continued to grow throughout 2018-19 with the use of Twitter and LinkedIn. Both platforms have been used to promote upcoming professional development events and courses, sponsorship events, connect with other translating and interpreting organisations (such as AUSIT, ASLIA, RMIT) and keep people up to date with things that are happening at NAATI.

NAATI's social media strategy has been to maintain a presence on both Twitter and LinkedIn. Currently LinkedIn is the most popular channel for NAATI stakeholders to engage with us.

#### Twitter



- New followers: 157 (from 189 in 2017-18)
- Tweet Views: 261,000 (from 217,300 in 2017-18)

#### LinkedIn



NAATI's LinkedIn profile experienced steady engagement, with an average of 85 new followers and 420 visitors a month.

Throughout 2018-19 we had over 90,000 post impressions, 5,692 engagements (likes and shares) and 4,139 clicked links.

NAATI created over 100 LinkedIn posts throughout the year which generated this activity.

#### YouTube

New subscribers: 82



Views: 9,700

Total watch time (minutes): 23,000

Top videos:

- *NAATI Certified Provisional Interpreter Test: What happens on test day* (2,100 views)
- *NAATI Certified Interpreter Test: What happens on test day* (2,000 views)

## FINANCIAL SUMMARY





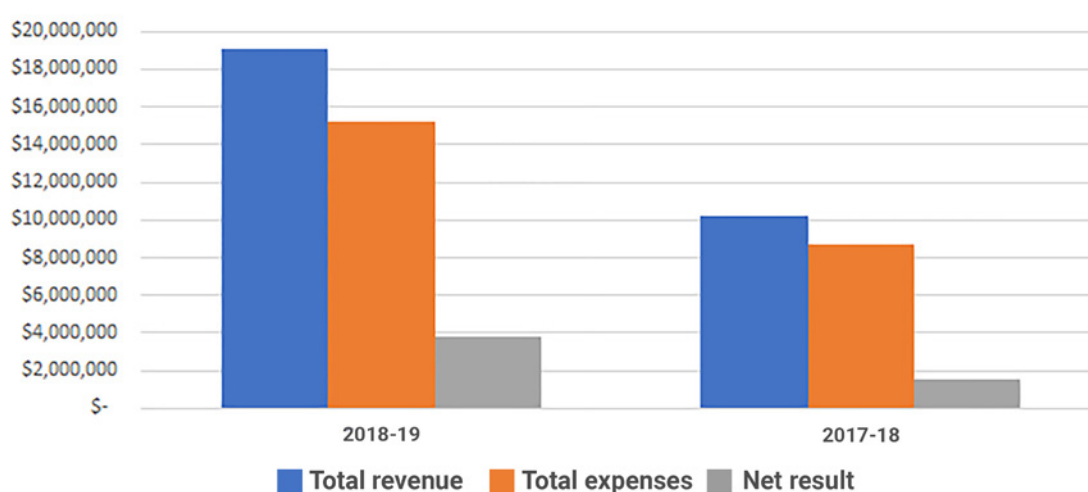


# Financial summary

## For the year ended 30 June 2019

The following financial summary is based on audited financial statements for 2018-19 and comparatives for 2017-18.

## Operating result



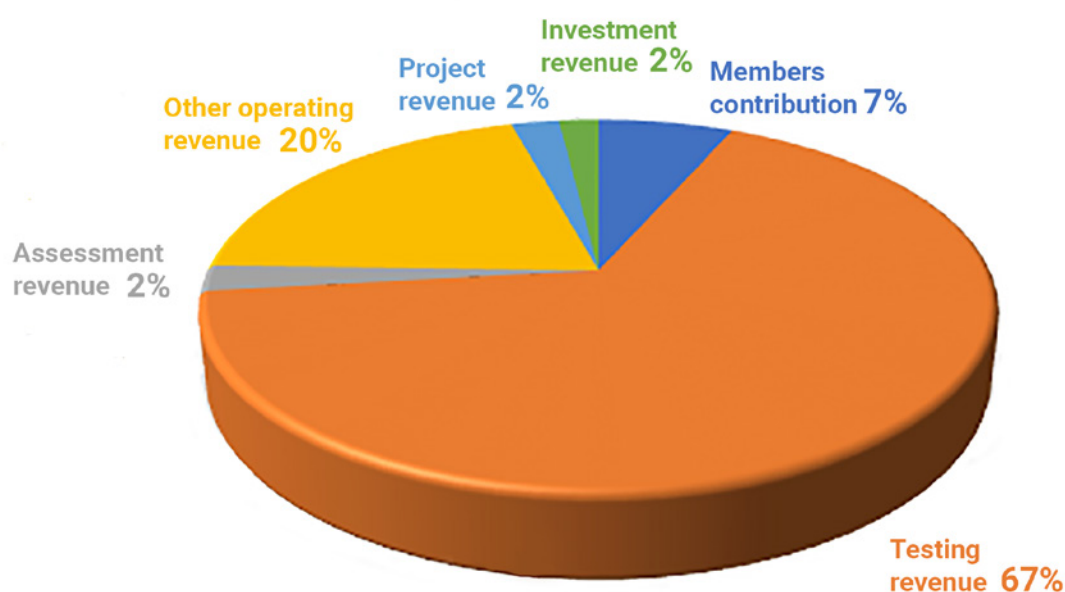
**Fig 1:** Comparison of 2018-19 performance with the previous year

NAATI ended the year with a surplus of \$3.8 million compared to a surplus of \$1.5 million for 2017-18. This has resulted in a profit margin of 20% in 2018-19 compared to 15% in 2017-18.

The key factor that has contributed to this performance is increased testing conducted nationally to accommodate demand. There continued to be a high number of applications for Accreditation by Approved Courses in 2018-19. There were higher than anticipated numbers of people completing approved courses under the old accreditation system. These were students who were enrolled but had not completed the approved course at the end of 2017.

## Revenue

NAATI ended the year with a revenue of \$19 million, the composition of which is as follows:



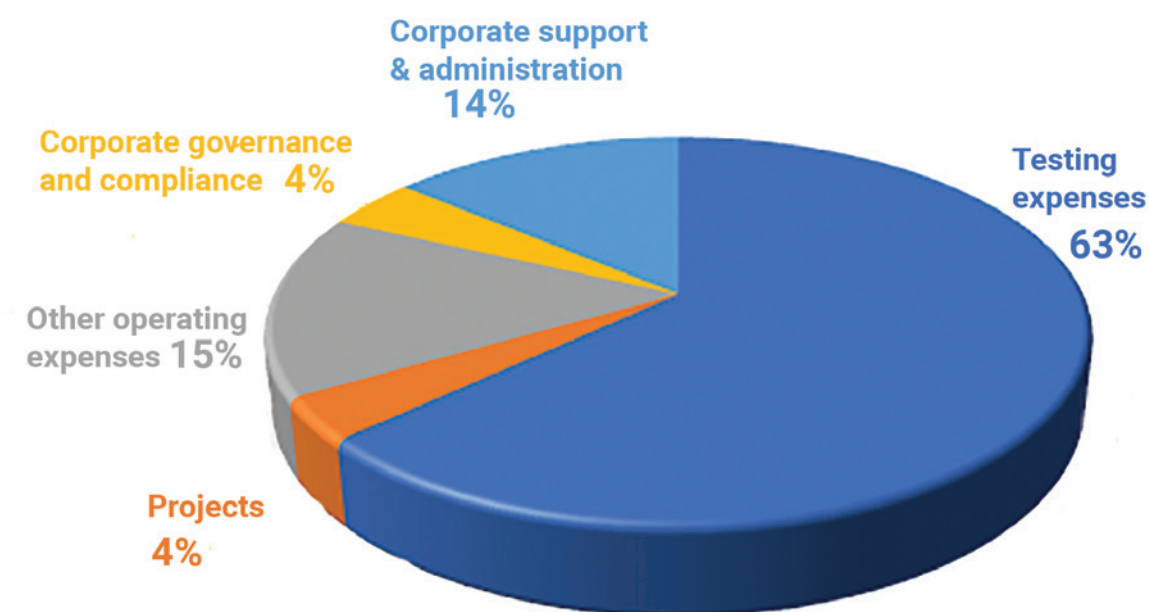
**Fig 2:** Composition of revenue for the year ended 30 June 2019

## Comparison of 2018-19 revenue with the previous year

The revenue for 2018-19 is \$19 million compared to \$10 million in 2017-18. The primary reason for the increase is additional testing sessions introduced to accommodate demand.

## Expenditure

During the year 2018-19 NAATI incurred \$15 million in expenditure. The composition of the expenditure is as follows:



**Fig 3:** Composition of expenditure for the year ended 30 June 2019

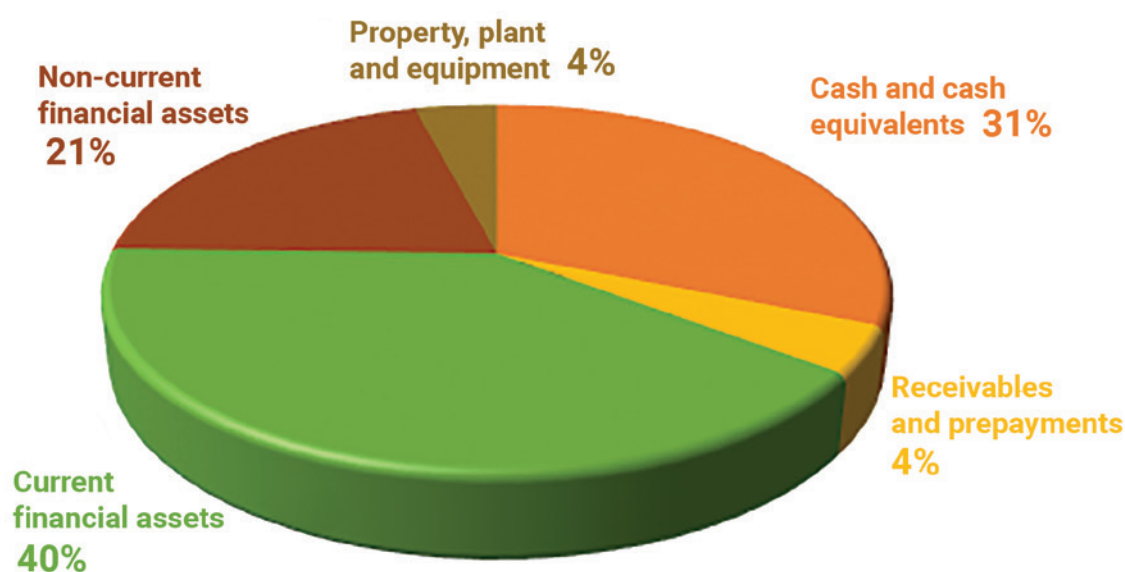
## Comparison of 2018-19 expenditure with the previous year

The expenditure for 2018-19 is \$15 million compared to \$8 million in 2017-18. The main reasons for the increase are as follows:

- Increase in testing related expenses and examiner payments in-line with increase in testing revenue.
- Increase in National Credentialing Management System (NCMS) and Information Technology expenses due to NCMS enhancement and changes to the customer portal myNAATI, to meet business requirements.
- Increase in employee related expenses due to additional recruitment during the year to meet increased business activity. Employee related expenses are also higher due to increased superannuation and payroll tax expense due to significant role-player recruitment activity during 2018-19.
- Increase in travel and accommodation expenses due to increased testing and examiner and role-player workshops conducted during the year.

## Assets

NAATI has \$21.9 million in assets as at 30 June 2019. The composition of assets is as follows:



**Fig 4:** Composition of assets as at 30 June 2019

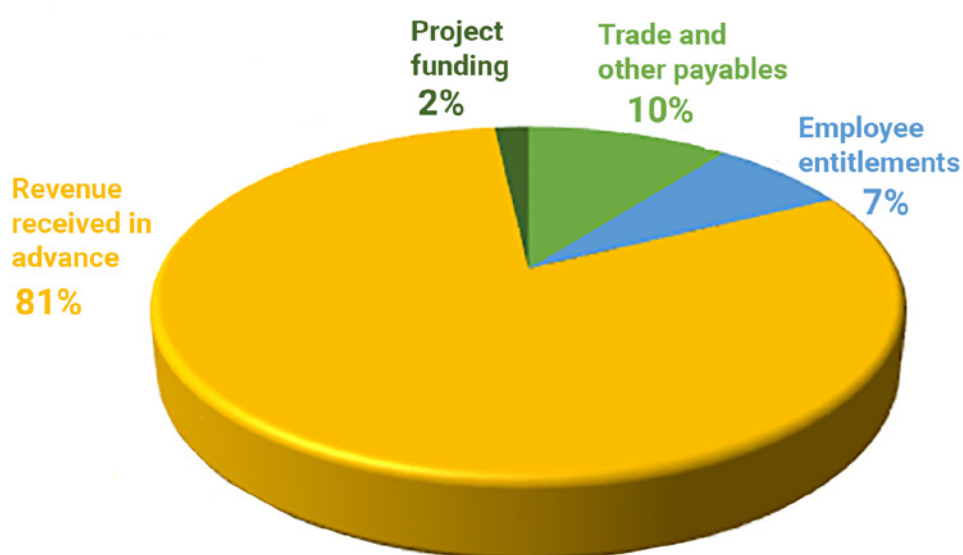
The major components of assets are as follows:

- NAATI implemented an investment strategy in March 2018 to ensure long term sustainability and efficient utilisation of surplus funds. In accordance with the investment strategy, NAATI has invested in three portfolios: operational, medium and long-term. The funds invested in the operational portfolio along with investment in term deposits constitute current financial assets. Investment in medium and long-term portfolios make up the non-current financial assets.
- Cash and cash equivalents include cash held in bank accounts and funds held in the cash trust accounts of the investment portfolios.



## Liabilities

NAATI has \$8.8 million in liabilities as at 30 June 2019. The composition of liabilities are as follows:



**Fig 5:** Composition of liabilities as at 30 June 2019

The major components of liabilities are as follows:

- Revenue received in advance relates to testing revenue recognised, but tests not sat as at 30 June 2019.
- Trade and other payables include payments due to examiners and other expenses.
- Employee entitlements include annual and long service leave entitlements.

The 2018-19 Audited Financial Statements are available on our website: [www.naati.com.au](http://www.naati.com.au)



# FINANCIAL STATEMENTS

*A Connected Community  
without language barriers*

**2018|19**

# **National Accreditation Authority for Translators and Interpreters Limited (NAATI)**

**ABN 42 008 596 996**

## **Financial Statements**

**For the Year Ended 30 June 2019**

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Contents

For the Year Ended 30 June 2019

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# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Directors' Report For the Year Ended 30 June 2019

The directors present their report on National Accreditation Authority for Translators and Interpreters Limited (NAATI) for the financial year ended 30 June 2019.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Voula Messimeri AM  
Experience

#### Chair

Voula Messimeri AM was appointed to the NAATI Board of Directors on November 1, 2014, bringing to the Board significant experience and skills as an executive and non-executive director. Voula is the immediate past CEO of Australian Greek Welfare Society (AGWS) and a past Chair of the peak multicultural national body, the Federation of Ethnic Communities' Councils of Australia (FECCA). She has served in leadership positions on a number of community management bodies and on Boards such as the RMIT University Council and the RMIT Training Board, a controlled entity of the RMIT University. Voula served for 15 years as Director on the Victorian Interpreting & Translating Service (VITS) Board and occupied the role of Deputy Chairperson twice in that time. She has served on Ministerial State and Federal advisory structures across diverse areas, including health, ageing, income support and media, and was a member of the Australian Multicultural Advisory Council. Voula has occupied the role of Chairperson and, until recently, as Patron of In Touch Inc. (the Multicultural Centre against Family Violence). She is a Fellow of the prestigious Williamson Community Leadership Program and has been awarded Honorary life membership for significant contributions and leadership by FECCA and AGWS. The Greek Government recognised her service to the Australian Greek diaspora in 2009. Voula was inducted into the Victorian Honour Roll of Women and recognised under the Order of Australia for her contribution to refugees, migrants and women. Ms Messimeri's term expires on October 31, 2020.

Giuseppe (Pino) Migliorino AM  
Experience

#### Deputy Chair

Pino Migliorino AM was appointed to the NAATI Board of Directors on May 15, 2014. He was born in Bari, Italy in 1959 and migrated to Australia in 1964. Pino founded Cultural Perspectives Group 24 years ago. This group of companies are sector leaders in consulting, researching and communicating with culturally and linguistically diverse (CaLD) and indigenous communities in Australia. Prior to working in the private sector, Pino held important positions in the third sector and in government, including Executive Officer of the Ethnic Communities Council (ECC) of NSW, NSW Regional Coordinator for the Office of Multicultural Affairs, Senior Conciliator at the Human Rights and Equal Opportunities Commission (HREOC) and Principal Policy Officer at the Ethnic Affairs Commission of NSW. Pino is an acknowledged expert in immigration, multicultural affairs and social policy areas relevant to diversity. In 2017, he was made a member of the Order of Australia. Pino has a BA and Dip. Ed (Secondary), is a Fellow of the Public Relations Institute of Australia (PRIA), a Graduate of the Australian Institute of Company Directors (GAICD) and a Qualified Practicing Market Researcher (QPMR). Mr Migliorino's term expires on May 14, 2020.

## **Directors' Report**

### **For the Year Ended 30 June 2019**

#### **1. General information**

##### **Information on directors**

Mr John Williams PSM

Experience

John Williams was appointed to the NAATI Board of Directors on September 1, 2014. John joined the Department of Immigration in Melbourne in 1964 where he gained extensive senior management experience before retiring in December 2008. His extensive overseas appointments include serving in the Australian High Commission London from 1973 to 1975, the Australian Embassy in Belgrade from 1975 to 1977 and 1983 to 1985, the Australian Embassy in Cairo from 1978 to 1979, and the Australian Consulate Cape Town from 1979 to 1982. John was extensively involved with multicultural and consular communities in his assignments both overseas and in Australia. While working in Australia, he built strong working relationships with other government agencies at the Federal and State level. John was awarded a Public Service Medal (PSM) in the Queen's Birthday Honour list in 2008 in recognition of his work with Australia's multicultural communities. Since retiring from the public service, he has established his own consultancy to assist multicultural communities better connect with and access services within society. Mr Williams' term expires on August 31, 2020.

Mary Gurgone

Experience

Mary Gurgone was appointed to the NAATI Board of Directors on November 1, 2014 and has been the National Director for Fortis Consulting since 2009. Fortis is one of the top 30 management consulting firms in Western Australia. Mary migrated to Australia from Italy and has a lifelong commitment to cross-cultural and cross-linguistic communication. She has a Master of Business, teacher training and vocational training qualifications, a Bachelor of Arts, and NAATI accreditation as a professional translator and interpreter. Mary is passionate about quality in translating and interpreting and has worked tirelessly for the translating and interpreting profession. She was a National President of the Australian Institute of Interpreters and Translators Inc (AUSIT), State President of AUSIT WA (1989-2002) and is a Fellow of AUSIT. Mary continues to lead strategic national projects related to Australian multiculturalism as well as supporting the Zonta House Women's Board (which she was formally the Chair) through conducting the Board Skills Audit and being a member of the External Relations Committee. She is focussed on governance, having completed the Australian Institute of Company Directors Course. Ms Gurgone's term expires on October 31, 2020.

## **Directors' Report**

### **For the Year Ended 30 June 2019**

#### **1. General information**

##### **Information on directors**

Mitra Khakbaz  
Experience

Mitra Khakbaz was appointed to the NAATI Board of Directors on December 1, 2016. Mitra is the Deputy CEO of Host International working across the Asia Pacific region and the Executive Manager with MDA Ltd where she oversees regional settlement, employment, community wellbeing, youth settlement, case work and intensive support services. She has worked in the multicultural sector since coming to Australia from Iran in 1994. She has a strong commitment to women's and children's rights and in 2013 was awarded a Churchill Fellowship on improving the economic participation of refugee women at risk. Mitra has many years of high level involvement with various community organisations. She was a Board Member of DV Connect for over 10 years until 2012 and has been a management committee member of the Immigrant Women's Support Service and the Churchill Fellowship Association of Queensland. Mitra is currently the co chair of the Queensland Community Alliance and is also a Director with the Buddies Refugee Support Group. Mitra holds a Master's Degree in Applied Linguistics, a Master's Degree in Social Administration and a Postgraduate Diploma in Community Development and Social Policy. Ms Khakbaz's term expires on November 30, 2019.

Dr Michael Cooke  
Experience

Dr Michael Cooke was appointed to the NAATI Board of Directors on December 1, 2017. He is a linguist and principal of Intercultural Communications, which provides training for Indigenous language interpreters and consultancy services for agencies that use them, particularly in health, legal and judicial domains. He completed his PhD in linguistics in 1997 becoming a specialist in legal interpreting and forensic linguistics. Michael is a NAATI - recognised practising interpreter and translator in Djambarrpuyngu, one of the languages spoken by the Yolngu people of North East Arnhem Land. He is widely known as an expert in his field: publishing extensively in language and law. Michael has a long standing professional relationship with NAATI, beginning with chairing the Northern Territory Regional Advisory Committee in 1995. Dr Cooke's term expires on November 30, 2020.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## **Directors' Report**

### **For the Year Ended 30 June 2019**

#### **1. General information**

##### **Principal activities**

The core mission of the Company is to set and maintain high national standards for the translating and interpreting sector to enable the existence of a supply of appropriately certified translating and interpreting professionals, responsive to the changing needs and demography of Australia's culturally and linguistically diverse society.

NAATI introduced the new national certification system in January 2018. NAATI is the only organisation to issue certifications to practitioners who wish to work in the translating and interpreting profession in Australia. In November 2018, the NAATI Board approved a new three-year Strategic Plan (2019-2021) that will deliver the objectives of the company.

##### **Objectives**

The broad long term objectives of the company are to:

- Ensure high national standards for the translating and interpreting profession in Australia and promote the profession's reputation, and
- Strengthen access and equity for individuals from culturally and linguistically diverse communities, the Deaf Community and Aboriginal and Torres Strait Islander peoples.

##### **Strategy for achieving the objectives**

- Maintaining and enhancing a nationally recognised Certification scheme that has integrity and is responsive to the changing needs of the Australian community;
- Establishing Certification processes, including re-certification that are accountable and subject to continuous improvement;
- Conferring credentials on translating and interpreting professionals in accordance with the nationally recognised Certification scheme;
- Developing and maintaining a capability to undertake a range of reliable language testing services;
- Engaging with relevant international organisations in the translating and interpreting industry to ensure the Certification scheme maintains currency and recognition in line with international best practice;
- Providing advisory and consultancy services in relation to the translating and interpreting sector;
- Recognising Endorsed Qualifications in translating and interpreting offered by education institutions;
- Providing certified translators and interpreters to support people with limited English proficiency access services and engage with broader community including in government, medical, legal, welfare and private sector settings;
- Working with Member Governments and other stakeholders to identify and address areas of unmet demand for community interpreting services;
- Raising community awareness of the value and effective methods of engaging and working with appropriately credentialed practitioners; and

## **Directors' Report**

### **For the Year Ended 30 June 2019**

#### **1. General information**

##### **Strategy for achieving the objectives**

- Advocating for and supporting multiculturalism and multilingualism in Australia.

##### **Performance measures**

The company measures performance through monitoring benchmarks in respect of:

- numbers of credentials awarded according to type;
- trends in numbers of tests administered;
- time taken to process applications and results;
- existing (accreditation) credentials transitioned to certification;
- variations of expenditures against approved budgets;
- maintaining adequate financial resources to meet liabilities;
- number of complaints; and
- recording, managing and reporting on complaints received.

##### **Members' guarantee**

National Accreditation Authority for Translators and Interpreters Limited (NAATI) is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members, subject to the provisions of the company's constitution.

At 30 June 2019 the collective liability of members was \$90 (2018: \$90).



## Directors' Report

### For the Year Ended 30 June 2019

#### Meetings of directors

During the financial year, 9 meetings of directors (including Audit and Risk committee meetings) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Voula Messimeri AM	5	5	-	-
Giuseppe (Pino) Migliorino AM	5	5	4	4
Mr John Williams PSM	5	5	4	4
Mary Gurgone	5	5	4	3
Mitra Khakbaz	5	4	-	-
Dr Michael Cooke	5	5	-	-

#### Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .....  
Voula Messimeri AM

Dated 30 August 2019

**Auditors Independence Declaration under Section 307C of the  
Corporations Act 2001 to the Directors of National Accreditation Authority  
for Translators and Interpreters Limited (NAATI)**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes  
Chartered Accountants



Robert Johnson FCA  
Partner

30 August 2019

Canberra



# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Revenue and other income	5	19,045,261	10,175,874
Administrative expenses		(5,502,876)	(3,602,216)
Depreciation	9(a)	(237,208)	(120,950)
Other expenses		(9,507,136)	(4,949,798)
<b>Profit before income tax</b>		<b>3,798,041</b>	<b>1,502,910</b>
Income tax expense	3(a)	-	-
<b>Profit for the year</b>		<b>3,798,041</b>	<b>1,502,910</b>
<b>Other comprehensive income</b>			
Net fair value movements for available-for-sale financial assets		-	95,494
Fair value movements on investments held at FVOCI		266,541	-
<b>Other comprehensive income for the year</b>		<b>266,541</b>	<b>95,494</b>
<b>Total comprehensive income for the year</b>		<b>4,064,582</b>	<b>1,598,404</b>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	6,836,394	8,917,002
Trade and other receivables	7	829,947	120,364
Other financial assets	8	8,791,519	1,695,788
Other assets	10	65,757	20,728
<b>TOTAL CURRENT ASSETS</b>		<b>16,523,617</b>	<b>10,753,882</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	4,492,257	3,803,029
Property, plant and equipment	9	890,363	635,036
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,382,620</b>	<b>4,438,065</b>
<b>TOTAL ASSETS</b>		<b>21,906,237</b>	<b>15,191,947</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	922,942	1,043,682
Employee benefits	12	544,404	506,287
Other liabilities	13	7,249,649	4,558,887
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,716,995</b>	<b>6,108,856</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	89,859	48,290
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>89,859</b>	<b>48,290</b>
<b>TOTAL LIABILITIES</b>		<b>8,806,854</b>	<b>6,157,146</b>
<b>NET ASSETS</b>		<b>13,099,383</b>	<b>9,034,801</b>
<b>EQUITY</b>			
Reserves		3,785,994	2,095,494
Retained earnings		9,313,389	6,939,307
<b>TOTAL EQUITY</b>		<b>13,099,383</b>	<b>9,034,801</b>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Retained Earnings	General Reserve	Financial Asset Reserve	FVOCI reserve	Total
Note	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>6,939,307</b>	<b>2,000,000</b>	<b>95,494</b>	<b>-</b>	<b>9,034,801</b>
Restatement due to AASB 9	(23,959)	-	(95,494)	119,453	-
<b>Balance at 1 July 2018 restated</b>	<b>6,915,348</b>	<b>2,000,000</b>	<b>-</b>	<b>119,453</b>	<b>9,034,801</b>
Profit attributable to members of the entity	3,798,041	-	-	-	3,798,041
Transfers from retained earnings to general reserve	(1,400,000)	1,400,000	-	-	-
Total other comprehensive income for the period	-	-	-	266,541	266,541
<b>Balance at 30 June 2019</b>	<b>9,313,389</b>	<b>3,400,000</b>	<b>-</b>	<b>385,994</b>	<b>13,099,383</b>

2018

	Retained Earnings	General Reserve	Financial Asset Reserve	FVOCI reserve	Total
Note	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>5,436,397</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>7,436,397</b>
Profit attributable to members of the entity	1,502,910	-	-	-	1,502,910
Total other comprehensive income for the period	-	-	95,494	-	95,494
<b>Balance at 30 June 2018</b>	<b>6,939,307</b>	<b>2,000,000</b>	<b>95,494</b>	<b>-</b>	<b>9,034,801</b>

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.



# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Statement of Cash Flows For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		22,499,806	15,482,066
Payments to suppliers and employees		(16,922,398)	(9,563,157)
Interest received		97,039	158,738
Net cash provided by operating activities	23	<u>5,674,447</u>	<u>6,077,647</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Dividends received		255,899	82,188
Purchase of property, plant and equipment	9(a)	(492,535)	(429,341)
Purchase of financial assets		<u>(7,518,418)</u>	<u>(5,427,281)</u>
Net cash (used in) investing activities		<u>(7,755,054)</u>	<u>(5,774,434)</u>
Net increase in cash and cash equivalents held		(2,080,607)	303,213
Cash and cash equivalents at beginning of year		<u>8,917,002</u>	<u>8,613,789</u>
Cash and cash equivalents at end of financial year	6	<u><u>6,836,395</u></u>	<u><u>8,917,002</u></u>

The accompanying notes form part of these financial statements.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

The financial report covers National Accreditation Authority for Translators and Interpreters Limited (NAATI) as an individual entity. National Accreditation Authority for Translators and Interpreters Limited (NAATI) is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of National Accreditation Authority for Translators and Interpreters Limited (NAATI) is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 Change in Accounting Policy

##### Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

##### Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 2 Change in Accounting Policy

##### Financial Instruments - Adoption of AASB 9

##### Classification of financial assets

- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

##### Measurement of equity instruments

All equity instruments of the Company are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

##### Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

##### Transition adjustments

The impacts to reserves and retained earnings on adoption of AASB 9 at 1 July 2018 are shown below:

	<b>Financial asset reserve</b>	<b>FVOCI reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Reclassify investments from Available for Sale to FVOCI - equity	(95,494)	95,494	-

## Notes to the Financial Statements

For the Year Ended 30 June 2019

## 2 Change in Accounting Policy

## Financial Instruments - Adoption of AASB 9

## Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Carrying amount under AASB 9 \$
<b>Financial assets</b>					
Medium & long term capital pool (i)	8	Available for sale	FVOCI - equity	3,803,029	3,803,029
Operational capital pool (ii)	8	Designated as at FVTPL	FVOCI - equity	1,695,788	1,695,788
Trade and other receivables	7	Loans and receivables	Amortised cost	120,364	120,364
Cash and cash equivalents	6	Loans and receivables	Amortised cost	8,917,002	8,917,002
<b>Total financial assets</b>				<b>14,536,183</b>	<b>14,536,183</b>
<b>Financial liabilities</b>					
Trade payables	11(a)	Other financial liabilities	Other financial liabilities	444,343	444,343
<b>Total financial liabilities</b>				<b>444,343</b>	<b>444,343</b>

Notes to the table:

(i) Reclassify investments from Available for Sale to FVOCI - equity

The Company previously classified investments as available for sale with changes in value being taken through a financial asset reserve. On adoption of AASB 9, investments with a fair value of \$95,494 were reclassified from the financial asset reserve to the financial asset at fair value through OCI reserve since they are not held for trading.

(ii) Reclassification from FVTPL to FVOCI - equity

Certain equity instruments which were previously measured at FVTPL have been designated at FVOCI - equity since on initial application of AASB 9, these instruments are not held for trading. Related fair value movements of \$23,959 were transferred from retained earnings to fair value through OCI reserve on adoption of AASB 9. The fair value movement that would have been recognised in profit or loss for the current year if the assets had not been reclassified is \$(1,035).

(iii) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

##### (b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

##### (c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

##### Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

##### Donations

Donations and bequests are recognised as revenue when received.

##### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.



## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (c) Revenue and other income

##### Interest & dividend revenue

Interest is recognised using the effective interest method.

Dividends are recognised when the entity's right to receive payment is established.

#### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (e) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

##### Leasehold improvements

Leasehold improvements are measured using the cost model.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	10% - 33.33%
Technology Upgrade	27%

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (e) Plant and equipment

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

##### (f) Financial instruments

###### For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

###### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### *Classification*

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

###### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (f) Financial instruments

###### Financial assets

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

###### *Fair value through other comprehensive income*

###### Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

###### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Company does not hold any assets that fall into this category.

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (f) Financial instruments

##### Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables*

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

##### For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (f) Financial instruments

###### Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.



## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (f) Financial instruments

###### Financial assets

Any gain or loss arising from financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

###### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include borrowings and trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

###### Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 3 Summary of Significant Accounting Policies

##### (f) Financial instruments

###### Impairment of Financial Assets

###### *Financial assets at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

###### *Available-for-sale financial assets*

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

##### (g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

##### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, on call deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **3 Summary of Significant Accounting Policies**

#### **(i) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### (j) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 : Leases	1 January 2019	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.</p> <p>The main changes introduced by the new Standard are as follows:</p> <ul style="list-style-type: none"> <li>-recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);</li> <li>-depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;</li> <li>-inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;</li> <li>-application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and</li> <li>-inclusion of additional disclosure requirements.</li> </ul> <p>The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 : Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.</p>	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> <li>- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet</li> <li>- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities</li> <li>- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses</li> <li>- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating</li> </ul>

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

##### Key judgments - Employee benefits

For the purpose of measurement, AASB 119 : Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

#### 5 Revenue and Other Income

	2019	2018
	\$	\$
Sales revenue		
- Test related revenue	16,628,847	7,919,953
- Government grants	1,255,903	1,239,785
- Other services revenue	792,389	783,684
- Interest received	125,478	160,968
- Dividends received	242,644	71,484
<b>Total Revenue and Other Income</b>	<b>19,045,261</b>	<b>10,175,874</b>

#### 6 Cash and Cash Equivalents

	2019	2018
Note	\$	\$
Cash at bank and in hand	6,836,394	6,820,046
Short-term deposits	-	2,096,956
16	<b>6,836,394</b>	<b>8,917,002</b>



## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 7 Trade and Other Receivables

	2019 \$	2018 \$
CURRENT		
Trade receivables	733,089	47,468
Other receivables	96,858	72,896
<b>Total current trade and other receivables</b>	<b>829,947</b>	<b>120,364</b>

### 8 Other Financial Assets

	Note	2019 \$	2018 \$
CURRENT			
Term deposits	16	7,085,111	-
Operational capital pool <sup>(a)</sup>	16	1,706,408	1,695,788
		<b>8,791,519</b>	<b>1,695,788</b>
NON-CURRENT			
Medium & long term capital pool <sup>(b)</sup>	16	4,492,257	3,803,029
		<b>4,492,257</b>	<b>3,803,029</b>
<b>Total</b>		<b>13,283,776</b>	<b>5,498,817</b>

(a) The Board in assessing NAATI's risk and investment return objectives (documented in NAATI's Investment Policy Statement paragraph 3) have determined that NAATI needs to maintain an operational capital pool of approximately \$2m to ensure it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. In assessing the adequacy of this balance, the cash accounts listed in Note 6 also need to be considered. In accordance with the Financial Instruments Note 3(f) in the financial statements, funds invested with this short-term time frame are included in financial assets under the current assets heading. These assets are carried at fair value in the balance sheet with changes in this fair value recognised in other comprehensive income (Refer Note 3(f)).

(b) The non-current balance of NAATI's capital pool is disclosed as financial assets under the non-current assets heading. These investments are made in accordance with NAATI's Investment Policy Statement over the medium to long term. The classification is in accordance with note 3(f) of the financial statements as "available for sale financial assets" measured at fair value with subsequent changes in this fair value being recognised in other comprehensive income (Refer Note 3(f)). The medium to long term pool of funds is invested with a return objective of CPI plus 2% - 2.5% over a rolling five-year period. The purpose of the non-current capital pools is to ensure NAATI has available funds to meet specific strategic initiatives in the medium term and long-term commitments in the event of the company being wound up.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 9 Plant and equipment

	2019 \$	2018 \$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	265,037	265,037
Accumulated depreciation	(221,068)	(194,019)
Total furniture, fixtures and fittings	43,969	71,018
Office equipment		
At cost	31,322	31,322
Accumulated depreciation	(14,581)	(12,431)
Total office equipment	16,741	18,891
IT equipment		
At cost	40,124	-
Accumulated depreciation	(11)	-
Total IT equipment	40,113	-
Office fit-outs		
At cost	396,826	369,138
Accumulated depreciation	(370,139)	(369,138)
Total office fit-outs	26,687	-
Technology Upgrade		
At cost	1,528,130	1,103,408
Accumulated depreciation	(765,277)	(558,281)
Total Technology upgrade	762,853	545,127
<b>Total plant and equipment</b>	<b>890,363</b>	<b>635,036</b>

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 9 Plant and equipment

#### (a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Furniture, Fixtures and Fittings \$	Office Equipment \$	IT Equipment \$	Office Fit-outs \$	Technology Upgrade \$	Total \$
<b>Year ended 30 June 2019</b>						
Balance at the beginning of year	71,018	18,891	-	-	545,127	635,036
Additions	-	-	40,124	27,688	424,723	492,535
Depreciation expense	(27,049)	(2,150)	(11)	(1,001)	(206,997)	(237,208)
<b>Balance at the end of the year</b>	<b>43,969</b>	<b>16,741</b>	<b>40,113</b>	<b>26,687</b>	<b>762,853</b>	<b>890,363</b>

	Furniture, Fixtures and Fittings \$	Office Equipment \$	IT Equipment \$	Office Fit-outs \$	Technology Upgrade \$	Total \$
<b>Year ended 30 June 2018</b>						
Balance at the beginning of year	98,320	12,165	-	-	216,160	326,645
Additions	-	8,599	-	-	420,742	429,341
Depreciation expense	(27,302)	(1,873)	-	-	(91,775)	(120,950)
<b>Balance at the end of the year</b>	<b>71,018</b>	<b>18,891</b>	<b>-</b>	<b>-</b>	<b>545,127</b>	<b>635,036</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 10 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	65,757	7,474
Accrued income	-	13,254
	<u>65,757</u>	<u>20,728</u>

#### 11 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	34,251	-
Sundry payables and accrued expenses	322,015	444,343
GST payable	234,558	511,003
Other payables	332,118	88,336
	<u>922,942</u>	<u>1,043,682</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

#### (a) Financial liabilities at amortised cost classified as trade and other payables

	2019	2018
	\$	\$
Trade and other payables:		
- Total current	<u>922,942</u>	<u>1,043,682</u>
	<u>922,942</u>	<u>1,043,682</u>
Less:		
GST payable	(234,558)	(511,003)
Other payables	<u>(332,118)</u>	<u>(88,336)</u>
Financial liabilities as trade and other payables	<u>356,266</u>	<u>444,343</u>

16

#### 12 Employee Benefits

	2019	2018
	\$	\$
CURRENT LIABILITIES		
Long service leave	239,414	286,976
Annual leave provision	304,990	219,311
	<u>544,404</u>	<u>506,287</u>

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 12 Employee Benefits

	2019 \$	2018 \$
NON-CURRENT LIABILITIES		
Long service leave	89,859	48,290
	<u>89,859</u>	<u>48,290</u>

### 13 Other Liabilities

	2019 \$	2018 \$
CURRENT		
Test fees in advance	6,439,596	4,397,140
Revenue in advance	810,053	161,747
<b>Total</b>	<u><b>7,249,649</b></u>	<u><b>4,558,887</b></u>

### 14 Reserves

#### (a) General reserve

The general reserve records funds set aside for the future expansion of National Accreditation Authority for Translators and Interpreters Limited (NAATI).

#### (b) Financial asset reserve

Change in the fair value of available for sale investments are recognised in other comprehensive income - financial asset reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

### 15 Capital and Leasing Commitments

#### (a) Operating Leases

Operating leases are in place for Property and IT equipment and normally have a term between 2 and 10 years for Property and 18 months and 4 years for IT equipment. Lease payments are increased on an annual basis to reflect market rentals.

### 16 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:



## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 16 Financial Risk Management

##### Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk and price risk

##### Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

	Note	2019 \$	2018 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	-	8,917,002
Trade and other receivables	7	-	120,364
Operational capital pool	8	-	1,695,788
Medium & long term capital pool	8	-	3,803,029
Held at amortised cost			
Cash and cash equivalents	6	6,836,394	-
Trade and other receivables	7	829,947	-
Term Deposits	8	7,085,111	-
Fair value through Other Comprehensive Income (OCI)			
Medium & long term capital pool	8	4,492,257	-
Operational capital pool	8	1,706,408	-
<b>Total financial assets</b>		<b>20,950,117</b>	14,536,183
<b>Financial liabilities</b>			
Trade and other payables	11(a)	-	444,343
Financial liabilities at fair value			
- Total current	11(a)	356,266	-
<b>Total financial liabilities</b>		<b>356,266</b>	444,343

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **16 Financial Risk Management**

#### **Specific financial risk exposures and management**

The main risks National Accreditation Authority for Translators and Interpreters Limited (NAATI) is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### *Trade receivables*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **16 Financial Risk Management**

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

##### **Liquidity risk**

Liquidity risk arises from the possibility that National Accreditation Authority for Translators and Interpreters Limited (NAATI) might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets.

Typically, National Accreditation Authority for Translators and Interpreters Limited (NAATI) ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days.

# National Accreditation Authority for Translators and Interpreters Limited (NAATI)

ABN 42 008 596 996

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 16 Financial Risk Management

The table/s below reflect maturity analysis for financial assets.

	Floating Interest Rate		Within 1 Year		1 to 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial assets - cash flows realisable</b>								
Cash and cash equivalents	6,836,394	6,817,703	7,085,111	2,099,298	-	-	13,921,505	8,917,001
Trade, term and loans receivables	-	-	829,947	120,364	-	-	829,947	120,364
Other financial assets	-	-	1,706,408	1,695,788	4,492,257	3,803,029	6,198,665	5,498,817
Total anticipated outflows	<u>6,836,394</u>	<u>6,817,703</u>	<u>9,621,466</u>	<u>3,915,450</u>	<u>4,492,257</u>	<u>3,803,029</u>	<u>20,950,117</u>	<u>14,536,182</u>

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

#### Financial liability maturity analysis - Non-derivative

	Within 1 Year		Total	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>				
Trade and other payables (excluding estimated annual leave)	356,266	444,343	356,266	444,343
<b>Total contractual outflows</b>	<u>356,266</u>	<u>444,343</u>	<u>356,266</u>	<u>444,343</u>

The timing of expected outflows is not expected to be materially different from contracted cashflows.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 17 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Financial assets
  - Fixed Interest Securities
  - Other Financial Assets
  - Equity Securities at FVOCI

#### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the company:

	Level 1	Level 2	Level 3	Total
30 June 2019	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Equity Securities at FVOCI	6,198,665	-	-	6,198,665
30 June 2018	\$	\$	\$	\$
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	1,695,788	-	-	1,695,788
Financial assets at fair value through profit or loss	3,803,029	-	-	3,803,029

#### Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

#### Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstandings and obligations of the Company.

#### 19 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of National Accreditation Authority for Translators and Interpreters Limited (NAATI) during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	881,538	499,596
Long-term benefits	71,028	45,875
Directors remuneration	69,706	69,601
	<b>1,022,272</b>	<b>615,072</b>

#### 20 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor of the company, Hardwicks Chartered Accountants, for:		
- auditing or reviewing the financial statements	19,200	19,200
- other services	-	4,865
<b>Total</b>	<b>19,200</b>	<b>24,065</b>

#### 21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).



## Notes to the Financial Statements

### For the Year Ended 30 June 2019

#### 22 Related Parties

##### (a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Key management personnel - refer to Note 19.

There were no other transactions with KMP and their related entities

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

##### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### 23 Cash Flow Information

##### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Profit for the year	3,798,041	1,502,910
Non-cash flows in profit:		
- depreciation	237,208	120,950
- fair value movements on investments	(242,644)	(71,484)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(709,583)	(65,391)
- (increase)/decrease in prepayments	(58,283)	(754)
- increase/(decrease) in income in advance	2,690,762	3,793,873
- increase/(decrease) in trade and other payables	(364,522)	686,733
- increase/(decrease) in employee benefits	323,468	110,810
Cashflows from operations	<u>5,674,447</u>	<u>6,077,647</u>

#### 24 Events after the end of the Reporting Period

The financial report was authorised for issue on 30 August 2019 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

# **National Accreditation Authority for Translators and Interpreters Limited (NAATI)**

ABN 42 008 596 996

## **Notes to the Financial Statements** **For the Year Ended 30 June 2019**

### **25 Company Details**

The registered office and principal place of business of the company is:

National Accreditation Authority for Translators and Interpreters  
Limited (NAATI)  
16/2 King Street  
Deakin ACT 2600

## **Directors' Declaration**

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 8 to 38, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director .....

Voula Messimeri AM

Dated 30 August 2019

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

# Independent Audit Report to the members of National Accreditation Authority for Translators and Interpreters Limited (NAATI)

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of National Accreditation Authority for Translators and Interpreters Limited (NAATI) (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## National Accreditation Authority for Translators and Interpreters Limited (NAATI)

### Independent Audit Report to the members of National Accreditation Authority for Translators and Interpreters Limited (NAATI)

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**National Accreditation Authority for Translators and Interpreters Limited (NAATI)**

**Independent Audit Report to the members of National Accreditation  
Authority for Translators and Interpreters Limited (NAATI)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*Hardwicks*

**Hardwicks**  
**Chartered Accountant**



Robert Johnson FCA  
Partner

Canberra  
30 August 2019







Indigenous design decals by  
Leigh Harris, Ingeous Studios.

## Contact us

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