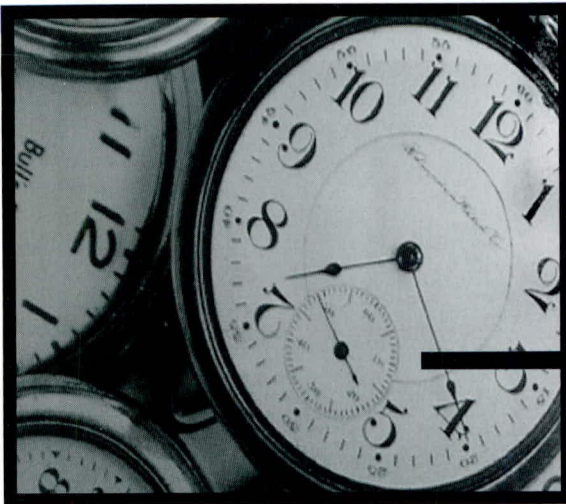


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National Accreditation Authority for Translators and Interpreters Ltd

NAATI NAATI



21st

A n n u a l

R e p o r t

1999/2000

National Accreditation Authority
for Translators and Interpreters Ltd.

ABN 42 008 596 996



21st Annual Report
1999/2000

NAATI

**National Accreditation Authority
for Translators and Interpreters Ltd.**

ABN 42 008 596 996

21st Annual Report 1999/2000

NAATI

National Accreditation Authority for Translators and Interpreters

Company Limited by Guarantee
ABN 42 008 596 996

Suite 1, Playoust Building,
Hawker Place
Hawker ACT 2614
Tel: 61 2 6255 1888
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The Hon Philip Ruddock MP
Minister for Immigration and Multicultural Affairs
Parliament House
Canberra ACT 2600

Dear Minister

Re: NAATI Annual Report 1999/2000

It is with great pleasure that I present the 21st Annual Report of the National Accreditation Authority for Translators and Interpreters (NAATI) for the year 1999/2000.

The report provides sound evidence for a year of significant change, growth and success. The year 1999/2000 was the fourth and final year of the Business Plan **1996/2000** and was characterised by the implementation of the second phase of the information and communications technology upgrade, a human resources review and re-structure and the expansion of accreditation services.

During the year, NAATI contributed to the Olympics Games through the administration of accreditation tests for interpreters intending to work at the games. It also contributed to the immigration program by providing accreditation services in the form of assessing overseas qualifications and by providing testing facilities in selected overseas locations.

The management and staff of NAATI have worked in a thoroughly professional manner to implement the decisions of the Board. The dedication and commitment of all NAATI staff, the Examiner Panels and the Regional Advisory Committees have been significant factors in the successful outcomes of the year.

NAATI has ended the year in a sound financial position and is well placed to meet the new challenges ahead.



Adolfo Gentile
Chairman
8 November 2000

Our

Mission

“To facilitate the promotion of quality communication and understanding between people who cannot communicate in each other’s languages, both in the community and internationally, by maintaining high standards of interpreting and translation.”

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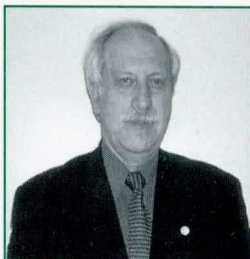
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Board of

Directors

Introducing



*Chairman of the Board
Mr Adolfo Gentile*

Mr Gentile is currently serving as a Member of the Refugee Review Tribunal. Until mid 1997 he was Head of the School of Languages and Interpreting and Translating, Deakin University, and is President of the International Federation of Translators (FIT). He is a NAATI-accredited Advanced Translator (Italian/English). Mr Gentile has international recognition for work associated with the establishment of Translator and Interpreter (T & I) training in Australia and for research into this field of study.

Mr Karas has worked as a legal practitioner and is currently serving as a Senior Member of the Migration Review Tribunal (MRT). His association with NAATI extends back to 1980 when he became a foundation member of the NAATI State Assessment



*Deputy Chairman
Mr Steve Karas*

Panel for Translators and Interpreters (SAPTI) for the Northern Territory. He was also a NAATI Board Member from 1981 to 1983, and Chairman of the Queensland Regional Advisory Committee from 1990 to 1994.



Mr Richard Acheson

community sector and as a consultant. In addition, he has conducted public inquiries and been appointed to statutory authorities. He is passionate about accessible service provision and the professionalism of the language services industry, such as competence, quality, reliability and ethical behaviour.

Mr Karas has worked as a legal practitioner and is currently serving as a Senior Member of the Migration Review Tribunal (MRT). His association with NAATI extends back to 1980 when he became a foundation member of the NAATI State Assessment

Mr Acheson was recently appointed to the NAATI Board of Directors. He was appointed Director of Language Services with the Ethnic Affairs Commission of NSW since February 1998. Prior to that he worked in local government, the



Dr Bernice Pfitzner

also the Chairperson of the Council of Women of Diverse Cultural Background and Vice-President of the Asian Australian Chamber of Commerce and Industry. Her basic training is as a medical doctor, and she uses NAATI-accredited persons regularly to communicate with patients. Presently, she is on several boards related to health and multiculturalism, where she is able to promote the activities of NAATI.

Mr Romaniw is also one of the recently appointed Directors. From June 1996 he served as a part-time Commissioner on the VMC. He was appointed Chairman of the Victorian Multicultural Commission (VMC) in September 1997 for a four-year term. Holding a



Mr Stefan Romaniw

teaching qualification, he has extensive experience in education. He was appointed to the position of Statewide Consultant and held the position of Coordinator of the State's After Hours Ethnic Schools Program with the Department of Education (DOE). Further to that he was appointed Manager of the Language and Multicultural Education Centre (LMEC) working in the areas of Languages Other Than English (LOTE), English as a Second Language (ESL), Multicultural Education and Community Relations.

Executive Director



Ms Sherrill Bell

Ms Bell currently serves NAATI in the role of Executive Director and is an ex-officio member of the Board. She came to NAATI after an academic career at the University of Canberra. Ms Bell is responsible for the management of NAATI and providing research and direction for Board consideration. She has represented NAATI at numerous national and international interpreter and translation events.

Members

Members and Observers

NAATI is a public company which was first established in 1983 by Ministers of the Commonwealth, State and Territory Governments. These Ministers or their delegates are referred to as the 'Members' of NAATI. In practice, they are usually Assistant Secretary of the Citizenship and Multicultural Affairs Division of the Commonwealth Department of Immigration and Multicultural Affairs and the Chief Executive Officers of the Ethnic Affairs Commissions or like bodies in the State and Territory Governments.

The maximum number of members which the authority can register is nine. In 1999/2000, eight governments registered as members and one registered as an observer. Members have full voting rights at the Annual General Meeting, while observers have speaking but not voting rights.

Members of NAATI as at 30 June 2000

Mr David Page, PSM
Commonwealth

Mr Stepan Kerkyasharian, AM
New South Wales

Mr Uri Themal, OAM
Queensland

Mr John Kiosoglous, MBE, KSA, AE
South Australia

Mr John Unger
Victoria

Ms Nora Eley
Western Australia

Mr Nik Manikis
Australian Capital Territory

Ms Lyn Andersch
Tasmania

Observer of NAATI as at 30 June 2000

Ms Janicean Price
Northern Territory

Chairman's

Report

Introduction

The 1999/2000 financial year was the fourth and final year of the Business Plan 1996/2000. It involved the most significant changes for the company in the past decade. The year commenced with the cut-over to the new computer system and was closely followed by the human resource review which led to the restructure of the Central Office administration. The overlapping of these two major events in the first half of the financial year resulted in the need for considerable readjustments to business operations and extensive re-training of staff.

In addition to the challenges presented by the new computer system and the administrative re-structure, NAATI experienced a 61% increase in the number of new applicants, a 21.7% increase in the total number of tests and a 220% increase in the number of accreditations by overseas qualifications.

Overall, NAATI received 2,842 new candidates during the year, an increase of 1,076 over the previous year.

The significant increase in applications relates to the special testing program for Sydney Organising Committee for the Olympic Games (SOCOG), accounting for approximately 600 new applications, and the increase in demand for assessments of overseas qualifications (147 new applications). The balance of the increase represents the small but growing general demand for NAATI accreditation.

During the year, NAATI conducted 3,208 tests at various levels and granted 1,221 translation and interpreting accreditations, 26 Recognitions and 72

Language Aide qualifications. The Regional Offices of NAATI delivered 60 training workshops, including 7 Language Aide workshops, 46 test preparation workshops, 2 skills development workshops and 5 continuing professional development (CPD) workshops. NAATI also conducted 8 training workshops for its examiners and 4 familiarisation workshops for newly appointed examiners.

The following initiatives and developments featured during the 1999/2000 financial year:

- § The cut-over to the newly developed customised program for the NAATI Accreditation Management System (AMS);
- § An independent human resource review by Interim Solutions Inc;
- § The restructuring of the Central Office human resources in accordance with the recommendations of the review;
- § A special meeting with Members of NAATI to clarify the roles of Members and Directors and Members' expectations of NAATI;
- § Paraprofessional Interpreter testing for SOCOG;
- § Special training and testing for North Queensland;
- § The provision of NAATI accreditation tests at selected overseas locations on demand; and
- § A Survey of NAATI's role and performance in the Northern Territory resulting in the relocation of the office and a revitalising of the business operations.

Major Initiatives 1999/2000

- § Review of the policy to not offer NAATI accreditation in Deaf Oral Communication and the ultimate confirmation of this policy;
- § Adoption of "Auslan" as the acceptable spelling for Australian Sign Language;
- § Decision to deregulate the testing cycle for the Advanced Translator tests and to offer them on demand in the future;
- § Consultation and debate concerning the NAATI approval of Translator and Interpreter (T & I) courses offered by Australian tertiary institutions;
- § Production of a new publication entitled *Ethics of Interpreting & Translation: a Guide to Professional Conduct in Australia*;
- § The participation in the University of Adelaide's student internship program involving a mini-research project by a senior student;
- § An audit of T & I policies across State and Territory Governments;
- § Development of a proposal for an annual award for T & I in Australia;
- § Commencement of the development of Business Plan 2000/2004; and
- § Preparation for and implementation of obligations to GST.

Implementation of the NAATI Business Plan: Year Four

The financial year 1999/2000 was the fourth and final year of the Business Plan, during which NAATI achieved the following objectives:

- § Introduction of accreditation tests in three additional languages (Bengali, Kurdish and Sinhalese);
- § Maintenance of the basic annual testing program at target levels;
- § Maintenance of an average test/result turnaround time of 10 weeks or less;
- § Completion of the human resource review and implementation of recommendations;
- § Production of new resource materials for candidates (Ethics of the Profession Booklet);
- § Delivery of workshops in excess of the target number; and
- § Production and distribution of a wider variety and more explicit information materials for accreditation candidates.



Linda Akinson Business Manager & Sherrill Bell Executive Director

Special Projects & Developments

The Computer Technology Upgrade

In the year under review, the Accreditation Management System (AMS) was introduced to the business operations. The system became live on 26 July 1999. While the programs written for the system covered the main business functions, many enhancements and adjustments were required throughout the rest of the year, as each major business event occurred.

In addition, the preparations for the GST represented a significant and additional input of computer programming development to interface the AMS system with the accounts software.

At the end of a two year program whereby the hardware, the office software packages and the email facility were introduced in year 1 (1998/1999) and the AMS system became active in Year 2, it is clear that the system delivered to NAATI caters for the basic functions required. However, there is a need for on-going enhancements and developments which will be required to further refine the system, add new business functions and sustain a state-of-the-art technology platform.

Paraprofessional Interpreter Tests for SOCOG

Between 29 July 1999 and 30 June 2000 NAATI tested 589 candidates in relation to the Sydney Organising Committee for the Olympic Games (SOCOG) program designed for the language volunteers to assist at the Olympic Games. In addition, NAATI delivered 11 special workshops as part of the pre-test training program provided by the University of Western Sydney.

In addition to the candidates tested, SOCOG recruited approximately 200 volunteers who had already obtained NAATI accreditation as Paraprofessional Interpreters or Interpreters.

Testing Overseas

In response to a growing demand for testing overseas, NAATI developed procedures for the delivery of tests at the Translator and Interpreter level at a number of selected locations. The growth in demand is predominantly related to intending migrants who need to have their skilled occupation assessed by NAATI as the designated Assessing Authority. In addition, there is a small but significant demand from practitioners in other countries who see NAATI accreditation as a useful qualification for the international market.

In order to provide tests at overseas locations, NAATI contracted IDP Education Australia Ltd. to conduct the tests at its offices in approximately 28 countries. IDP was selected on the basis of its experience and high standards related to the delivery of the International English Language Testing System (IELTS) test in these same countries.

NAATI developed printed information materials to ensure overseas candidates understood the format and standards of the tests and were adequately prepared for them.

NAATI commenced testing at overseas locations on 1 March 2000 and by 30 June 2000 had conducted 37 tests in 11 countries.

New Publication

As a means to provide better understanding among candidates for NAATI testing and among accredited practitioners, NAATI produced a new book entitled *Ethics of Interpreting and Translation: a Guide to Professional Conduct in Australia*.

The book includes the The Australian Institute of Interpreters and Translators Inc. (AUSIT) and Association Internationale de Interpretes de Conference (AIIC) codes of ethics and the policies on ethics adopted by major public service providers in Australia. It also includes a number of ethical dilemmas for practitioners and possible solutions. The book offers advice on the relationship between the practitioner and the law and on ethics and quality assurance.

The book has been marketed as an essential pre-test resource.

Accreditation

Services

In comparison with the previous year, the 1999/2000 testing program was larger in overall numbers by 573 (21.7% increase) as a result of the paraprofessional interpreter test program for SOCOG.

The range of languages and levels included in the testing program was determined by the market demand for selected languages, the candidate demand for testing and the number of graduates emanating from NAATI approved courses. In the year under review, NAATI received 2,842 new applications requesting approximately 7,400 tests. However, when invited to sit for tests, a significant number of candidates defer or withdraw. The most common reason for declining an invitation to sit for a test is "not sufficiently prepared to sit the test".

Another feature of the testing program was that 484 on-demand tests were conducted for individuals unable to participate in the annual testing program. This is a significant increase from the previous year's on-demand tests (309). One of the major contributing factors to this increase is the new migration regulations which require the assessment of skills prior to application for migration. In particular, there is a significant number of overseas students in Australia who have applied for NAATI special tests prior to their return to the home country after completion of their courses.

Accreditations by course completion at Australian tertiary institutions continues to decline. This is demonstrated by a decline from 344 in 1997/1998 to 290 in 1998/1999 to 245 in 1999/2000. The decline in the number of accreditations has occurred at both levels in the past year, from 171 to 162 at the paraprofessional level and from 119 to 78 at the professional level. The significant decline at the professional level is an outcome of the discontinuation of the professional course at Deakin University. This may be reversed in the coming year by the commencement of professional level programs at RMIT in Victoria and at the Central Metropolitan College of TAFE in Perth.

Accreditations by overseas qualifications increased markedly from 35 in 1998/1999 to 119 in the current year. Again, this relates to the impact of the new migration regulations. It is also significant that, due to the improved printed information for intending applicants, a greater proportion of the applications are successful than in previous years.

Tests, Accreditations

Testing

The 1999/2000 annual program included 43 languages compared to 37 in the previous year and introduced three new languages, namely Bengali, Kurdish and Sinhalese. As well as providing a focus on the Interpreter and Translator level, the program offered the widest range of languages for several years for testing at the Paraprofessional Interpreter level (41 languages) in anticipation that testing at this level will be reduced over the next five year period. The program also included 16 low demand languages. In terms of the number of languages offered, this was the most diverse program for the past five years.

During 1999/2000, National Accreditation Authority for Translators and Interpreters (NAATI) conducted 1,993 Translation and Interpreter (T & I) tests within the annual programs (cf. 1,967 in 1998/1999), 484 T & I on-demand tests (cf 257 in 1998/1999), 589 tests for SOCOG and 142 Language Aide tests making a total of 3,208 tests. These tests were conducted in 8 capital cities and 13 other regional locations. In addition, NAATI conducted 37 tests at eleven overseas locations.

In accordance with NAATI's commitment to provide further training and test preparation opportunities for candidates, 60 workshops were conducted nationally, 26 of which were in New South Wales. NAATI also conducted nine special training workshops for its examiners.

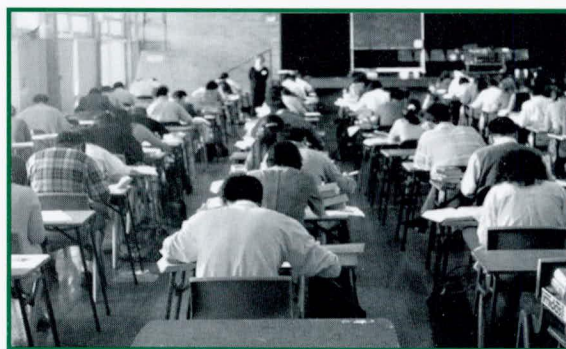
In addition to the interpreting and translation tests, NAATI conducted 142 Language Aide tests in the annual program (cf with 339 in 1998/1999). The decrease relates to a decision by Centrelink to use an alternative screening test for its bilingual staff. Such tests were conducted in twenty-seven languages, one more than in the previous year, with the addition of Albanian.

As an outcome of the testing programs, the graduates of NAATI-approved courses and overseas assessments, NAATI awarded 1221 accreditations in T & I, 26 Recognitions and 72 Language Aide qualifications. Details of the accreditation services are as follows:

Number of tests Conducted - Graph 1

NAATI Accreditation by Recognition - Graph 2

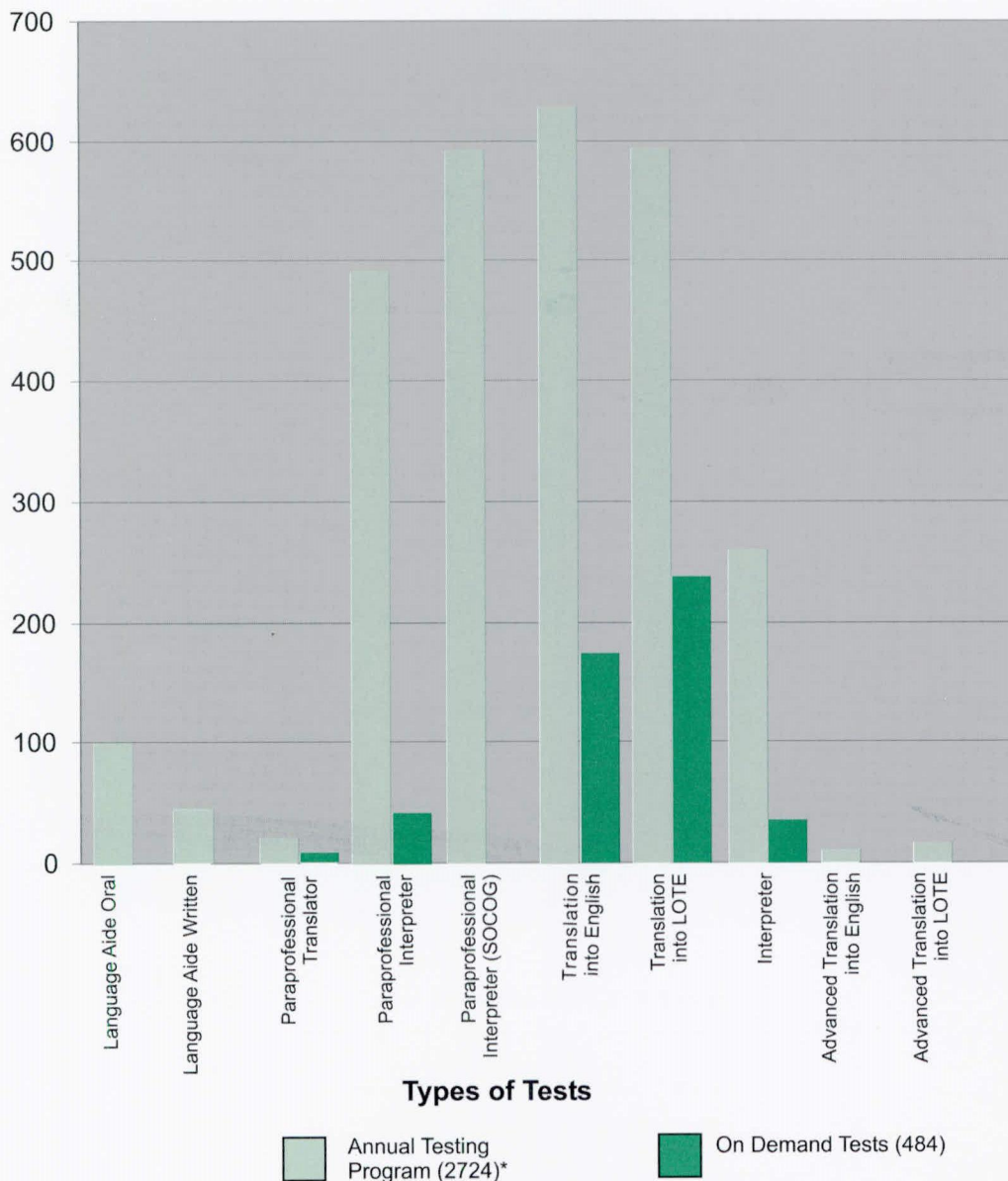
NAATI Accreditation by Language Level - Graph 3



Annual Translation Testing Program New South Wales

NAAIT & Recognitions 1999/2000

Number of Tests

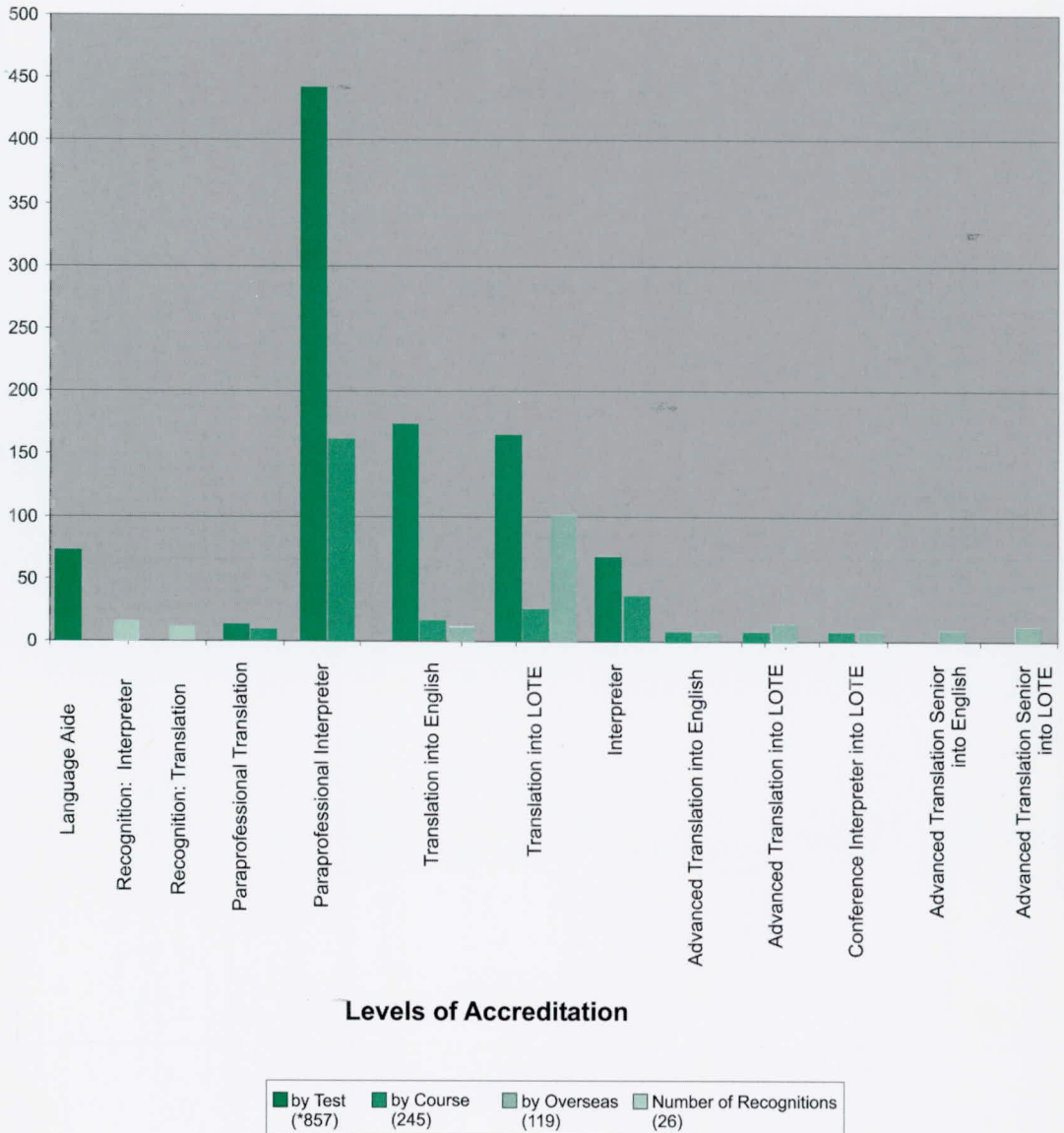


* Includes Language Aide Tests

Graph 1

Tests, Accreditations

Accreditations & Recognitions



*Excludes Language Aide Qualification (98)

Graph 2

NAAIT

& Recognitions 1999/2000

Number of Tests			Accreditations			Recognitions
Level	Annual Program	On Demand tests	By Test	By Course	By Overseas	Number of Recognitions
Para. Translator	15	2	8	1		
Para. Interpreter	489	41	442	161		
Para. Int. (SOCOG)	589					
Translator > Eng.	628	174	174	16	8	
Translator > LOTE#	592	234	165	26	101	
Interpreter	257	33	68	36		
Adv. Trans. > Eng.	4			1	1	
Adv. Trans.> LOTE#	8			3	5	
Conf. Int.> Eng.						
Conf. Int. > LOTE#				1	1	
Adv. Trans. Sen. > Eng.					1	
Adv. Trans. Sen.> LOTE#					2	
Con. Int. Sen. >Eng.						
Con. Int. Sen. LOTE#						
Language Aide						
Oral	98		72			
Written	44					
Recognitions						
Interpreter						16
Translators						10
Total	2724	484	*857	245	119	26

*Excludes Language Aide Qualification

Course Approvals &

Course Approvals

NAATI is responsible for the approval of courses for Interpreters and Translators in tertiary institutions in Australia. It is also responsible for ensuring that the institutions maintains the quality of the course over the period of approval. In the 1999/2000 year, there were 12 active NAATI approved courses in Australia, a decrease of 2 from the previous year (14). Course approvals and re-approvals during the year included:

New Course Approval

Advanced Diploma in Interpreting

CMC Perth	Spanish, Japanese, Auslan from 1/1/2000 to 31/12/2000
-----------	--

New Language Streams Within Approved Courses

National Diploma in Interpreting (Paraprofessional)

RMIT, Melbourne	Italian from 1/1/2000 to 31/12/2000
AMES Hobart TAFE	Auslan from 1/1/2000 to 31/12/2000

Extensions of Existing Approval

National Diploma in Interpreting (Paraprofessional)

RMIT, Melbourne	from 1/1/2000 to 31/12/2000
CMC, Perth	from 1/1/2000 to 31/12/2000
Sydney Institute of TAFE (Petersham)	from 1/1/200 to 31/12/2000
AMES, Hobart TAFE	from 1/1/2000 to 31/12/2000

Course Re-Approvals

Advanced Diploma of Interpreting and Translating

RMIT, Melbourne	Cantonese, Japanese, Korean, Mandarin, Arabic, Bosnian, Italian, Vietnamese
	from 1/1/2000 to 31/12/2000

National Diploma of Interpreting (Paraprofessional)

Batchelor College, Northern Territory	Burrara, Ndjebbana, Gupapuyngu, Murinh-Patha
	from 1/1/2000 to 31/12/2000

Overseas Qualifications

During the year, the NAATI Board considered the possibility of discontinuing NAATI approval of courses at tertiary institutions. This proposal was in response to the growing proliferation of courses at tertiary institutions which contain elements of interpreting and translation but could not be considered by NAATI as adequate for entry to the profession. As a result, these courses remain un-approved by NAATI but continue to produce graduates of awards with T & I in the title, causing further confusion within the market place. In order to bring more commonality to the market place, the Board considered the impact of having no tertiary courses approved, but having all students completing courses and who wished to enter the profession, sitting the NAATI accreditation test. This test would replace the final test currently administered at the end of a NAATI-approved tertiary course.

In addition to the situation outlined above, the variation in standards between the courses and between the standard of performance by course graduates and NAATI test candidates continues, despite the monitoring process by NAATI. Some institutions find it difficult to meet the guidelines, procedures and time-lines set down by NAATI in the course approval process. The outcomes are unsatisfactory for both NAATI and the institutions. Consultation with the institutions has had little effect.

As part of the deliberation process, NAATI undertook extensive consultation on the proposal among educators, service providers, AUSIT and Members of NAATI. It became clear that there was very little support for this proposal. Consequently, it was decided to continue the current system of course approval but to review the approval guidelines.

Overseas Qualifications Assessments

During the year under review, NAATI granted the following number of accreditations on the basis of overseas assessments:

<u>Level of Accreditation</u>	<u>Accreditations</u>
Translator into English	8
Translator into LOTE*	101
Advanced Translator into English	1
Advanced Translator into LOTE*	5
Conference Interpreter into LOTE*	1
Advanced Translator (Senior) into English	1
Advanced Translator (Senior) into LOTE*	2
TOTAL	119

In making the above accreditations NAATI researched and assessed courses at several overseas institutions not previously assessed. Those meeting Australian standards of T & I accreditation at various levels have now been added to the NAATI compendium of overseas qualifications which are eligible for NAATI accreditation. This compendium now exceeds 140 overseas institutions.

Qualifications Assessment and Advisory Committee (QAAC)

The Qualifications Assessment and Advisory Committee is a sub-committee of the Board of Directors. It has a membership of five, representing educators and practitioners. Members generally have experience in both these categories and at least one member has international experience. Members during 1999/2000 were:

Mr Adolfo Gentile (Chair)
Dr Emy Watt
Dr Judy Wakabayashi
Ms Anna Grassi
Ms Amalia Milman

The Committee met twice during the year, on 6 November 1999 and on 4 April 2000. The Committee is responsible for course approvals, assessment of overseas qualifications which relate to the advanced and senior levels of accreditation, and policy issues dealing with accreditation. The QAAC also provides a forum for serious appeals and complaints about the assessment of T & I skills, either through qualifications assessment or through testing.

During the year, QAAC considered the marking guidelines and the test formats and developed the strategies for implementing a review of test methodologies and formats. It also developed an appeal process for applicants seeking accreditation on the basis of overseas qualifications.

Regional Advisory Committees (RAC)

There are eight Regional Advisory Committees appointed by the Board of Directors, one in each State and Territory of Australia with a maximum membership of eleven. Membership includes representation from all sectors of the T & I profession including educators, practitioners, service providers, AUSIT and other professionals that have a need to work with interpreters and translators. Membership is honorary.

The primary role of the RACs is to keep NAATI informed of the State issues related to T & I so that NAATI's national policies can maintain relevancy. They are also responsible for promoting NAATI, the accreditation system and the use of accredited interpreters and translators throughout Australia. In carrying out their role, the RACs identify a number of important projects and respond to various requests from the Board of Directors. During 1999/2000 the RACs made significant contributions in the following areas:

- § an audit of T & I policies across State and Territory Government departments;
- § an audit of T & I policies across public hospitals (SA);
- § contributions to a government language services review (VIC);
- § participation in special workshops and seminars;

Business

Activities

§ contribution to the development of guidelines for best practice issues re working with interpreters in health areas (SA);

§ provision of information to NAATI on deaf oral communication and the spelling of Auslan; and

§ provision of suggestions for the forthcoming test review.

During the 1999/2000 year, the membership of the Regional Advisory Committees included:

ACT: Mr Victor Duranti
Mr P R Ireland (Chair)
Ms S Jamison
Ms A Milman (Deputy Chair)
Mr M Ovington
Mr R Pintos-Lopez
DrK Windle
NAATI Regional Officer (Mr G McKergow)

NSW: Mr R Acheson (ex officio, NAATI Director)
Ms A Grassi (Chair)
Mr A Aroustian
Ms M Barany
Mr January Blackburn
Mr P Bonser
Mr S Bregu
Mr T Brown
Ms J Cowley
Mr R Chakhachiro
Mr M Doerfler
Mr H Field
Ms Rosy Lazzari
Ms A Lucas
Ms D Williams
Ms Thida Yang

*Note, due to resignations and mid-year appointments, not all of the above served simultaneously.

NT: Dr P Chakravarti
Dr P Carroll (Chair to 31/12/1999)
Mr B Lardicos
Ms D Mitchell
Ms A Quinn
Ms A Wait (Chair from 1/1/2000)
NAATI Regional Officer
(Ms C Federer, Mr A Whykes,
Ms B Mulder)

QLD: Dr M Brandle
Ms N Giess
Ms S Jordan
Mr S Karas (ex officio, NAATI Director)
Mr M Lauchs
Mr C Leung (declined 9/6/1999)
Mr P O'Brien
Ms M Spring
Ms M R Tse
Mr A von Stein
NAATI Regional Officer (Mr Jim Duncan)

SA: Mr M Armiento (Chair)
Mr A Berelds
Ms E Briffa
Dr D Costa
Mr Andrew Gaal
Mr J Hallett
Mr J Lindsey
Mr N Marovich
Mr E Neophytou
Dr B Pfitzner (ex officio, NAATI Director)
Mrs L Singh
Mr B Vaughan
Mr J Venditto
Mr Craig Walter
NAATI Regional Officer
(Ms C Appelkamp)

*Note, due to resignations and mid-year appointments, not all of the above served simultaneously.

Business

Activities

TAS: Ms L Andersch
Ms P Dyer
Mr G Duarte
Ms E Hodson
Mrs M Nolan
Mr Mahendra Pathik
Det. C Waterhouse (1/9/1999)
NAATI Regional Officer (Mrs B Tanase,
Ms D Schurink-Moeller)

VIC: Ms S Akcelik
Mr I Akinci (Chair)
Mr J Chen
Mr A Florez
Mr A Gentile
(ex officio, NAATI Chairman)
Mr K Hermes
Ms T Housden
Ms M Maggio
Mr U Ozolins
Ms S Pavlovskia
Mr S Romaniw
(ex officio, NAATI Director)
Mr M Zafiropoulos
NAATI Regional Officer
(Ms C Toffoli-Zupan, Ms V Mastrantuono)

WA: Mrs D Dixon (Chair)
Ms Cantor Lopez
Mr Gerard Daniells
Ms N Eley
Dr L Elicegui
Ms M Phillip Hunte
Ms A Jeavons
Mr Basil Lardicos
Mrs P Cantor Lopez
Mr Charles Luckman
Mr R Skesteris
NAATI Regional Officer (Ms B Sorensen)



Right: Adolfo Gentile, Anna Grassi, Judy Wakabayashi, Anthony Horden, Emy Watt and Amalia Milman attending a QAAC Meeting 6 November 1999

Other Consultative/Liaison Work

During 1999/2000 NAATI consulted, liaised and/or advised in the following ways:

- § Consultation with educators, language service providers and AUSIT re the need for a test review;
- § Consultation with educators, language service providers, AUSIT and NAATI Members concerning the proposal for discontinuation of the system of course approval;
- § Presentation of a paper by the Chairman of NAATI at the Public Forum for Interpreters, Translators, Educators and Clients of Language Services in Perth, 3 December 1999;
- § Representation at the XIII World Congress of the World Federation of the Deaf, Brisbane, 25-31 July 1999;
- § Representation at the Conference of the Interpreter and Translator Educators' Association of Australia in Melbourne, 30 October 1999;
- § Representation at the National Deafness Sector Summit in Canberra, 7 March 2000;
- § Meeting with the President of the Australian Association of the Deaf, Mr Robert Adam, 8 March 2000;
- § Meeting with a Conference Interpreter and entrepreneur from Taiwan concerning the development of testing facilities in Taiwan;
- § Liaison with conference organisers re provision of interpreters for an international event; and
- § Participation by NAATI Regional Officers in State events with relevance to T & I; and
- § Participation in State events and numerous visits by NAATI Regional Officers to organisations, schools, tertiary institutions, professional organisations to impart information about NAATI and the accreditation system.



Left: Premier Olsen, Adolfo Gentile, Sherrill Bell and Bernice Pfitzner Adelaide Board Meeting 24/08/2000

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Finances

Operations for the year ended 30 June 2000 resulted in an audited operating deficit after abnormal items of \$12,882 (after the human resource review and administration re-structure), compared with an audited operating surplus of \$16,004 (after abnormal items) for the previous year. This result is better than expected given the continuing expenditures related to the computer system and the redundancies. Before the redundancy payments, NAATI would have returned an operating surplus of \$110,437.

NAATI's revenue increased by \$332,979 from the previous year, while its expenditure increased by \$238,546, contributing to a total revenue of \$1,965,706 and a total expenditure \$1,866,269. Significant areas of increased revenue include application fees, testing at the first professional level, on-demand testing, SOCOG testing, publication sales, overseas qualifications assessments, Identification cards, Translator Stamps and Sample Tests. NAATI also earned \$16,905 through overseas tests in the last quarter of the financial year. All other categories of revenue remained similar to that of the previous year. Expenditure increased in the areas of testing, communications, computer

support, depreciation, legal costs, printing and salaries. Some savings were made in QAAC sitting fees, equipment costs and superannuation.

In 1999/2000 NAATI generated income equivalent to 58.2% of its total income, with the governments contributing the balance of 41.8%. This is the best outcome in the history of the company.

The accumulated surplus at 30 June 2000 was \$665,939, a decrease of \$12,822 over the previous year. This includes the value of the computer technology assets (hardware and software) which will be written off over the next two years as depreciation. The current operating surplus ensures that NAATI is in a sound financial position

to adequately cover its statutory obligations, and with a small working capital to secure its operational functions during periods of low revenue. The Board is pleased to report that, despite the one-off expenditures associated with the computer technology upgrade and the administration restructuring, the accumulated surplus has only been marginally diminished.

Conclusion

In 1999/2000, NAATI continued to meet its normal level of service commitments, offered an exceptionally wide range of languages in its annual testing program, completed a program for SOCOG, implemented the Human Resources review followed by the restructuring of the administrative staff, produced a new publication entitled *Ethics of Interpreting and Translation: a Guide to Professional Conduct in Australia*, introduced testing services at selected overseas locations in response to growing demand and responded to increasing demand for special services within Australia such as overseas qualifications assessments, on-demand tests and quality assurance products such as ID cards, certificates and Translator Stamps.

The year has been marked by continuing collaboration and consultations with parties within Australia such as with tertiary educators concerning the course approval debate, NAATI Members concerning the recommendations of the Future Directions Paper (1998/1999) and the development of the new Business Plan, and other stakeholders with interests in NAATI ventures.

The demand for NAATI accreditation and services remain strong. At the end of this financial year, NAATI had put into place the technology and communications system, the human resource system and the basis of the next Business Plan.

While enhancements, adjustments and management of the new systems will be required for some time in the future, NAATI is well placed to move forward in terms of service delivery.

The main developments that will occur in the next financial year will be the completion and implementation of the new Business Plan 2000/2004, and the review of the test formats and methodology. It is also intended to develop a Information Technology and Communications Strategic Plan for enhancements and maintenance, a Human Resources Management plan to include more structured staff development programs and a Communications Protocol plan for enhancing interchanges between the NAATI Board and the Members and Ministers. These endeavours will be focussed on developing a more responsive and efficient organisation while maintaining high standards for the profession.



Adolfo Gentile
Chairman
8 November 2000

Audited

Statements

HARDWICKE'S
Chartered Accountants

Independent Audit Report to the Members of the

National Accreditation Authority for Translators and Interpreters Limited

Scope

We have audited the financial report of the National Accreditation Authority for Translators and Interpreters Limited for the financial year ended 30 June 2000 as set out on pages 6 to 23. NAATI's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the Members of NAATI.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of NAATI's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis

Audit Opinion

In our opinion, the financial report of the National Accreditation Authority for Translators and Interpreters Limited is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of NAATI's financial position as at 30 June 2000 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and other mandatory professional reporting requirements.
- (b) other mandatory professional reporting requirements.

HARDWICKE'S
Chartered Accountants



Robert Johnson, F.C.A.
Partner

Dated: 12 / 10 / 00
Canberra

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY
FOR TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

The NAATI Board of Directors submit their report made in accordance with a resolution of the Directors with respect to the financial accounts for the year ended 30 June 2000.

1. **Board of Directors**

The names of the Directors at the date of this report are:

Mr Adolfo Gentile (Chair)
Mr Steve Karas (Deputy Chair)
Mr Stefan Romaniw
Mr Richard Acheson
Dr Bemice Pfitzner

(Refer to Attachment 1 to this report for individual Director's details).

2. **Principal Activities**

The principal activities of NAATI were to provide and maintain national standards for translators and interpreters, and to promote, encourage and develop competence and skills in translating and interpreting from one language to another.

There have been no significant changes in the nature of the principal activities of NAATI during the financial year.

3. **Operating Results**

The net operating surplus/(deficit) after abnormal items of NAATI for the financial year ended 30 June 2000 (\$12,822). (\$110,437 surplus before abnormal redundancy payments of \$123,259).

4. **Dividends Paid or Recommended**

The Constitution prohibits the payment of dividends to Members of NAATI.

5. **Review of Operations**

This year NAATI returned a deficit of \$(12,882). Abnormal redundancy payments totalling \$123,259 contribute to this deficit. Without this expenditure the operating surplus would have been \$110,437. In 1999 NAATI returned a surplus of \$246,354. Included in this surplus was \$230,350 additional government grant revenue expended on the technology upgrade. For accounting purposes the receipt of the grant was recognised as income but the expenditure was capitalised in the balance sheet as an asset. The assets purchased with the grant revenue are being used by NAATI over their expected useful lives. This use is recognised as a depreciation expense over three - four years. The depreciation expense associated with the technology upgrade in 2000 is \$60,399.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY
FOR TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

6. State of Affairs

NAATI has operated with a deficit of \$(12,822) this year. This is largely due to the abnormal redundancy payments of \$123,259 that were made during the year. In 1999 NAATI operated with a surplus of \$246,354. This surplus is reflected in the improvement in the assets of NAATI and more particularly the information technology upgrade asset that has a written down value of \$235,000 (Note 5). While the Technology Grant Revenue received was \$230,000 the new system was paid for at a full cost of \$3,06,000 (Note 5), a further \$11,000 for the required upgrade of the telephone system included in "Office Equipment" (Note 5) and \$10,000 expensed in Operating Expenditure for the "Business Process Re-engineering and Human Resources Review." This deficit was funded from NAATI's cash holdings and was the main contributor in NAATI's cash holdings being reduced by \$64,000 in 1999.

7. After Balance Date Events

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

8. Directors' Emoluments

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract between NAATI or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in NAATI's accounts, prepared in accordance with the Corporations Law, or the fixed salary of a full-time employee of NAATI.

9. Likely Developments and Results

There are no likely events that will significantly change NAATI's operations

10. Directors and Auditors Indemnification

NAATI has not during or since the financial year in respect of any person who is or has been an officer or auditor of NAATI:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- a paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2000**

with the exception of the following matters:

- During the year an insurance premium was paid in respect of the persons listed below to insure against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director or officer of NAATI, other than conduct involving a wilful breach of duty in relation to NAATI.

Officers insured include:

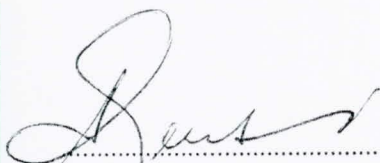
Mr A. Gentile	Mr S. Romaniw
Mr S. Karas	Dr B. Pfitzner
Mr R. Acheson	Ms S. Bell


11. Meeting of Directors

**During the financial period, four meetings of The Board of Directors were held.
Attendances were:**

	No. of meetings eligible to attend	No. of meetings attended
Mr Adolfo Gentile	4	4
Mr Steve Karas	4	4
Mr Stefan Romaniw	4	4
Mr Richard Acheson	4	4
Dr Bernice Pfitzner	4	3

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


.....
Director


.....
Director

Date: 12/10/00

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

DIRECTORS'REPORT
FOR THE YEAR ENDED 30 JUNE 2000

ATTACHMENT 1: INDIVIDUAL DIRECTORS'DETAILS

NAME	QUALIFICATION	SPECIAL RESPONSIBILITIES	SHARES IN THE COMPANY	CONTRACTS/ PROPOSED CONTRACTS WITH COMPANY
Mr Adolfo Gentile	Former T&I educator and practitioner and current Member Refugee Review Tribunal	Director (Chair)	N/A	Nil
Mr Steve Karas	Senior Member Migration Review Tribunal	Director (Deputy Chair)	N/A	Nil
Mr Stefan Rornaniw	VIC State Government Senior Executive	Director	N/A	Nil
Mr Richard Acheson	NSW State Government	Director	N/A	Nil
Dr Bernice Pfitzner	Medical Practioner	Director	N/A	Nil

Audited

Statements

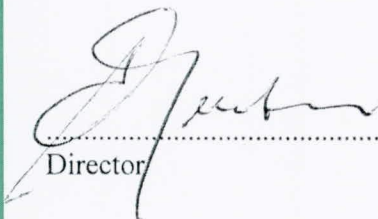
NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

DIRECTORS' DECLARATION

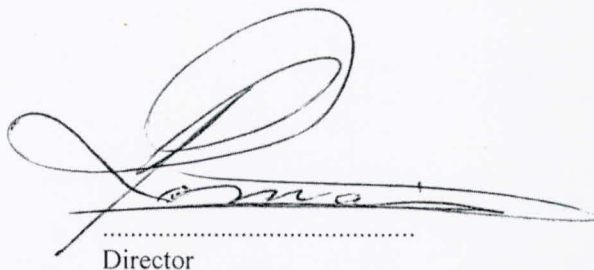
The NAATI Board of Directors declare that:

1. the financial statements and notes, as set out on the following pages 7 to 23:
 - (a) comply with Accounting Standards and the Corporations Law; and
 - (b) give a true and fair view of the financial position as at 30 June 2000 and performance for the year ended on that date of NAATI;
2. in the opinion of the Board of Directors, there are reasonable grounds to believe that NAATI 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 and is signed for and on behalf of the Board of Directors by:



.....
Director



.....
Director

Date: 12/10/00

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

BALANCE SHEET AS AT 30 JUNE 2000

1999 \$		Note	2000 \$
<u>CURRENT ASSETS</u>			
697,324	Cash	3	637,650
3,257	Receivables		5,505
10,459	Other	4	16,452
<u>711,040</u>	TOTAL CURRENT ASSETS		<u>659,607</u>
<u>NON-CURRENT ASSETS</u>			
<u>331,604</u>	Property, plant and equipment	5	<u>281,442</u>
331,604	TOTAL NON-CURRENT ASSETS		<u>281,442</u>
<u>1,042,644</u>	TOTAL ASSETS		<u>941,049</u>
<u>CURRENT LIABILITIES</u>			
49,662	Accounts payable	6	46,438
71,378	Provisions	7	62,475
133,713	Other	8	105,235
<u>254,753</u>	TOTAL CURRENT LIABILITIES		<u>214,148</u>
<u>NON-CURRENT LIABILITIES</u>			
<u>109,130</u>	Provisions	7	<u>60,962</u>
109,130	TOTAL NON-CURRENT LIABILITIES		<u>60,962</u>
<u>363,883</u>	TOTAL LIABILITIES		<u>275,110</u>
<u>678,761</u>	NET ASSETS		<u>665,939</u>
<u>ACCUMULATED FUNDS</u>			
<u>678,761</u>	Retained surplus	12	<u>665,969</u>

The accompanying notes form part of these financial statements.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

1999 \$		Note	2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
848,275	Government grants	18	786,950
139,500	Technology grants		-
471,074	Test related revenue		711,848
307,792	Other revenue		400,652
48,180	Interest received		30,899
(253,982)	Testing expenditure		(284,533)
(1,325,387)	Operating expenditure		(1,685,006)
235,452	Net cash (used in)/provided by operating activities	11(b)	(39,190)
CASH FLOWS FROM INVESTING ACTIVITIES			
(13,630)	Payment for property, plant & equipment		(1,432)
(286,225)	Payment for technology upgrade		(19,052)
(299,855)	Net cash used in investing activities		(20,484)
(64,403)	Net increase/(decrease) in cash held		(59,674)
761,727	Cash at beginning of year	3	697,324
697,324	Cash at end of year	11(a)	637,650

The accompanying notes form part of these financial statements.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30TH JUNE 2000

1999 \$		Note	2000 \$
16,004	Operating surplus before abnormal items	2	110,437
	Abnormal items		
230,350	Technology grant revenue	16	–
–	Redundancy payments	17	(123,259)
246,354	Operating surplus/(deficit) before income tax		(12,822)
–	Income tax attributable to operating surplus/(deficit)	1	–
246,354	Operating surplus/(deficit) after income tax		(12,822)
432,407	Retained surplus at the beginning of the financial year		678,761
678,761	Retained surplus at the end of the financial year	12	665,939

The accompanying notes form part of these financial statements.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Law. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by NAATI in the preparation of the financial report.

Income Tax

NAATI is tax exempt under Section 50-25 of the Income Tax Assessment Act 1997.

Property, Plant & Equipment

Property, plant and equipment are carried at cost less any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by the Board of Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' use and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amounts.

The depreciable amount of all fixed assets are depreciated on a straight line or diminishing basis over their useful lives to NAATI commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Office equipment	11.25 – 40%
Furniture & fittings	2.5 – 20%
Technology upgrade	15 – 40%

Employee Entitlements

Provision is made in respect of NAATI's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and that will be settled within one year, have been measured at their nominal amount. Long service leave is accrued in respect of all employees with more than five years service with NAATI.

Contributions are made by NAATI to employee superannuation funds and are charged as expenses when incurred.

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

1999	Note	2000
\$		\$

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash

For the purpose of the statement of cash flows, cash includes:

- (i) cash on hand and at call deposits with financial institutions, net of overdrafts; and
- (ii) investments in money market instruments with less than twelve months to maturity.

NOTE 2 – OPERATING SURPLUS/(DEFICIT)

Included in the operating surplus are the following operating revenue and expense items:

REVENUE			
812,400	Government revenue	18	822,825
464,220	Test-related revenue		711,118
307,792	Other services revenue		396,901
48,315	Interest		34,862
1,632,727	TOTAL REVENUE		1,965,706
LESS EXPENSES			
233,414	Testing expenditure		286,427
1,383,309	Operating expenditure		1,568,842
1,616,723	TOTAL EXPENDITURE		1,855,269
16,004	NET SURPLUS/(DEFICIT) BEFORE ABNORMAL ITEMS		110,437
230,350	Computer technology revenue	16	–
–	Redundancy payments	17	(123,259)
246,354	NET SURPLUS/(DEFICIT) AFTER ABNORMAL ITEMS		(12,822)

The operating surplus/(deficit) has been determined after:

(a)	<i>charging as expense:</i>	
12,288	Depreciation of property, plant & equipment	10,247
29,607	Depreciation of technology upgrade	60,399
2,914	Provision for annual leave	(8,903)
11,286	Provision for long service leave	(48,168)
(b)	<i>crediting as income:</i>	
48,315	Interest received from other entities	34,862

Audited

NAATI Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

1999 \$	Note	2000 \$
NOTE 3 – CASH		
1,252	Petty cash accounts	1,685
43,394	Operating accounts	88,050
652,678	Investment accounts	547,915
<u>697,324</u>		<u>637,650</u>
NOTE 4 – OTHER ASSETS		
CURRENT		
5,483	Accrued income	9,446
4,976	Prepayments	7,006
<u>10,459</u>		<u>16,452</u>
NOTE 5 – PROPERTY, PLANT & EQUIPMENT		
200,914	Office equipment - at cost	202,346
171,405	Less: accumulated depreciation	178,710
<u>29,509</u>		<u>23,636</u>
62,519	Furniture & fittings - at cost	62,519
37,042	Less: accumulated depreciation	39,984
<u>25,477</u>		<u>22,535</u>
306,225	Technology Upgrade - at cost	325,277
29,607	Less: accumulated depreciation	90,006
<u>276,618</u>		<u>235,271</u>
<u>331,604</u>	Total property plant & equipment	<u>281,442</u>
NOTE 6 – ACCOUNTS PAYABLE		
CURRENT		
<u>49,662</u>	Trade creditors	<u>46,438</u>

Audited **NAATI** Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

1999	Note	2000
\$		\$

NOTE 7 – PROVISIONS

CURRENT		
71,378	Provision for annual leave	62,475
NON-CURRENT		
109,130	Provision for long service leave	60,962

NOTE 8 – OTHER LIABILITIES

CURRENT		
34,379	Accrued charges	35,047
35,875	Grants in advance	–
15,710	Test fees in advance	18,688
47,749	Practitioner directory fees in advance	51,500
133,713		105,235

NOTE 9 – AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of NAATI for:		
14,200	Auditing services	9,450
7,205	Other services	14,365
21,405		23,815

NOTE 10 – DIRECTORS' REMUNERATION

52,880	Income paid or payable to all directors of NAATI			52,930
Number of directors whose income from NAATI was within the following bands:				
4	\$0	-	\$9,999	4
-	\$20,000	-	\$29,999	1
1	\$30,000	-	\$39,999	-

The names of the Directors who have held office during the financial year are:

Mr Adolfo Gentile
Mr Steve Karas
Mr Stefan Romaniw

Mr Richard Acheson
Dr Bernice Pfitzner

Audited

NAATI

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

1999	Note	2000
\$		\$

NOTE 11 – CASH FLOW INFORMATION

a) Reconciliation of cash

Cash at the end of the financial period as shown in the statements of cash flows is reconciled to items in the balance sheet as follows:

1,252	Petty cash accounts	1,685
43,394	Operating accounts	88,050
652,678	Investment accounts	547,915
<u>697,324</u>		<u>637,650</u>

b) Reconciliation of cash flows from operations with operating surplus/(deficit) after income tax

246,354	Operating surplus/deficit after abnormal items	(12,822)
Non cash flows in operating profit		
12,288	Depreciation	10,247
29,607	Depreciation (technology upgrade)	60,399
11,286	Long service leave	(48,168)
2,914	Annual leave	(8,903)
Changes in Assets & Liabilities		
123	(Increase)/decrease in debtors	(2,248)
(134)	(Increase)/decrease in accrued income	(3,963)
1	(Increase)/decrease in prepayments	(2,030)
(20,569)	Increase/(decrease) in creditors	(3,224)
1,826	Increase/(decrease) in accrued charges	668
(54,975)	Increase/(decrease) in grants in advance	(35,875)
5,600	Increase/(decrease) in test fees in advance	2,978
1,131	Increase/(decrease) in practitioner directory fees in advance	3,751
<u>235,452</u>	Net cash provided by/(used in) operating activities	<u>(39,190)</u>

Audited

Statements

NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
ACN 008 596 996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

NOTE 12 – ACCUMULATED SURPLUS

NAATI shows an accumulated surplus of \$665,939 that includes the Technology Upgrade at a written down value of \$235,272 (Note 5). The adequacy of this surplus is constantly under review, as the company must ensure that it has sufficient working capital to meet its day to day operational cash flows.

This year NAATI has returned an accounting deficit after abnormal items of \$(12,822) (Note 17). In 1999, NAATI returned an accounting surplus of \$246,354, but this included \$230,350 in grants for the technology upgrade. In cash terms however, these grants have been fully expended together with a further \$97,000 of NAATI's reserves, leaving NAATI with reduced cash reserves. The prior year growth in accumulated surplus is not represented by cash but additional equipment that NAATI will utilise in the coming years.

NAATI's cash position has been slightly weakened in 2000. As with prior years, NAATI's cash flow can be significantly affected by such factors as the timing of grant payments from the Federal, State and Territory Governments, and the considerable up front costs that are incurred in running a test program, before any revenue is received. In addition, it is not possible to budget with certainty as to how many candidates will sit any given test. NAATI has operating costs, not including tests, of approximately \$1.5 million per annum, or \$125,000 per month. If no grant funding is received, and there is a delayed or unsuccessful test program then NAATI only has a sufficient surplus to operate for approximately four months. NAATI is aware that it does not have capacity in its own right to borrow from financial institutions, as it cannot offer any security. For these reasons, the accumulated surplus is required so that operational stability is assured. In keeping with past operations, maintaining reserves at a level equivalent to four months trading, they are adequate to fund normal operations.

NOTE 13 – SEGMENT INFORMATION

NAATI is a national body that provides and maintains standards for translators and interpreters and promotes, encourages and develops competence and skills in translating and interpreting from one language to another. It operates primarily throughout Australia with some limited services being available in certain overseas locations.

NOTE 14 – ECONOMIC DEPENDENCY

A significant portion of NAATI's annual revenue is derived from Commonwealth, State and Territory Government grants.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

NOTE 15 – FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

NAATI's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance, date are as follows:

Recognised financial instruments	Note number	Accounting policies	Terms and conditions
(i) Financial assets			
Receivables		Debtors are carried at nominal amounts due less any provision for doubtful debts. A provision is recognised when collection of the full nominal amount is no longer probable	Accounts receivable are 30 day terms
(ii) Financial liabilities			
Trade creditors and accruals	6,7	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to NAATI	Trade creditors are normally settled on 30 day terms

Each class of financial asset and liability is recorded at the aggregate net fair value at 30 June 2000.

Net fair values

Financial assets and financial liabilities, both recognised and unrecognised, at balance date, are carried at their net fair value. The carrying amounts of NAATI's financial assets and financial liabilities have been disclosed below.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash and cash equivalents: The carrying amount approximates fair value because of their short term to maturity

Accounts payable: The carrying amount approximates fair value

Unrecognised financial instruments

There are no unrecognised financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

NOTE 15 – FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Financial instruments 30 June 2000	Floating interest rate	Fixed interest rate maturing in:			Non interest bearing	Total carrying amount per accounts	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years			
(i) Financial assets							
Cash & short term deposits	88,050	547,915	–	–	18,137	654,102	4.96%
Receivables	–	–	–	–	5,505	5,505	N/A
Total financial assets	88,050	547,915	–	–	23,642	659,607	4.92%
(ii) Financial liabilities							
Trade creditors and accruals	–	–	–	–	–	81,485	N/A
Total financial liabilities	–	–	–	–	–	81,485	N/A

Financial instruments 30 June 1999	Floating interest rate	Fixed interest rate maturing in:			Non interest bearing	Total carrying amount per accounts	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years			
(i) Financial assets							
Cash & short term deposits	43,394	652,678	—	—	11,710	707,782	4.39%
Receivables	—	—	—	—	3,257	3,257	N/A
Total financial assets	43,394	652,678	—	—	14,967	711,039	4.37%
(ii) Financial liabilities							
Trade creditors and accruals	—	—	—	—	—	84,041	N/A
Total financial liabilities	—	—	—	—	—	84,041	N/A

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

NOTE 16 – TECHNOLOGY GRANT REVENUE (see note 18)

During the 1999 financial year, technology grant income totalling \$230,350 was received from various governments. This revenue was used together with \$97,000 of NAATI's reserves to finance the upgrade of the entire computer system. For accounting purposes, the total grant received had to be recognised as revenue in the 1999 year. The costs incurred have been capitalised, and will be depreciated over the life of the upgrade. This means that the cost of the upgrade is expensed at the rate of the depreciation over the years of useful life that the upgrade has in the organisation.

Because of this treatment NAATI has an abnormally high profit for 1999 of \$246,354. Without the Technology grant the profit would have been \$16,004.

NOTE 17 – REDUNDANCY PAYMENTS

During 1999 a human resources review was undertaken which resulted in a restructure of NAATI's central office arrangements. This restructure was accompanied by abnormal redundancy payments of \$123,259 during the 2000 year. Annual leave and long service leave provisions have also substantially decreased as a result of the restructure.

NOTE 18 – CONTINGENCIES (see note 16)

In 1998-1999, Commonwealth, State and Territory governments provided grants totalling \$230,350 for the purpose of a technology upgrade. The Commonwealth and Queensland governments have a stated position that they believe there will be cost recoveries in future years because of the upgrade. On this basis they have planned a reduction in grant revenue out to 2003-2004 to recover their initial capital grants. The full impact of the extent of these recoveries on future operations cannot be determined at this stage.

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DETAILED INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

1999 \$		Note	2000 \$
GOVERNMENT REVENUE			
416,750	Commonwealth Government	18	417,200
6,650	ACT Government		6,800
137,700	NSW Government		141,200
3,550	NT Government		3,650
63,550	QLD Government	18	65,150
34,450	SA Government		35,300
11,100	TAS Government		11,400
103,650	VIC Government		106,250
35,000	WA Government		35,875
812,400	Total Government revenue		822,825
TEST-RELATED REVENUE			
3,412	Cancellation fees		9,414
34,100	Language Aide test		13,660
100	Language Aide review		450
-	MAQ project grant		2,000
-	Miscellaneous test revenue		375
4,981	Paraprofessional - Translation		2,730
99,590	Interpreting		120,495
1,645	Review		3,060
124,042	T & I - Translation		131,185
67,155	Interpreting		69,735
2,990	Review		3,710
3,085	AT/CI - Translation		2,650
220	Interpreting		960
-	Review		175
-	Overseas - Translation		13,320
-	Interpreting		3,585
58,069	On Demand tests		121,063
62,740	Sale of sample tests		82,106
-	SOCOG testing revenue		128,040
2,091	Viewing of tests		2,405
464,220	Total testing revenue		711,118

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DETAILED INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2000

1999 \$	Note	2000 \$
OTHER REVENUE		
17,110	Accreditation – course	16,640
3,615	Accreditation – institution	4,115
81,885	Application fees	105,751
–	Application fees – overseas tests	8,025
46,682	Directory entry fee	47,674
2,045	Education services – ACT	805
20,405	Education services – NSW	23,010
–	Education services – NT	3,422
6,550	Education services – QLD	1,080
3,840	Education services – SA	4,180
40	Education services – TAS	460
11,190	Education services – VIC	9,739
5,940	Education services – WA	3,215
–	Education services – NZ	30
48,315	Interest	34,862
9,500	Late application fee	9,467
1,518	Other revenue	8,318
11,590	Overseas qualification assessment fees	42,023
4,511	Re-instatement fee	4,260
675	Recognition fee	2,305
9,010	Sale of 'Ethics of the Profession'	11,453
150	Sale of 'Interpreting in Australia'	960
1,814	Sale of 'Introduction to Interpreting'	2,988
2,778	Sale of other publications	452
7,212	Sale of 'Terms on the Go'	10,956
1,438	Sale of 'Working with Interpreters'	876
15,123	Sale of certificates	19,550
6,357	Sale of directory	4,438
10,321	Sale of ID cards	22,287
14,407	Sale of NAATI news	9,103
2,395	Sale of RMIT publications	3,814
8,791	Sale of translator stamps	15,325
900	Sale of 'Walking a Tightrope'	180
356,107	Total other revenue	431,763
1,632,727	TOTAL REVENUE	1,965,706

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1999 \$	Note	2000 \$
TEST RELATED EXPENDITURE		
15,167	Language Aide	8,785
1,105	Paraprofessional – setting translation	320
6,916	Paraprofessional – setting interpreting	6,632
889	Paraprofessional – marking translation	480
16,501	Paraprofessional – marking interpreting	22,629
373	Paraprofessional – review of tests	476
–	Paraprofessional – monitoring interpreting	1,110
5,057	T & I – setting translation	4,447
14,540	T & I – setting interpreting	13,036
73,690	T & I – marking translation	71,805
18,562	T & I – marking interpreting	14,627
2,436	T & I – review of tests	1,481
–	T & I – monitoring translation	650
–	T & I – monitoring interpreting	960
400	AT/CI – setting translation	4,516
1,080	AT/CI – marking translation	2,370
2	AT/CI – review of tests	–
12,316	Printing of tests	23,412
–	Overseas printing of tests	842
2,024	Purchase & erasure of tapes	35
6,879	Tape production – master	8,213
2,590	Hire of test venues	3,278
1,324	Supervision – Translation	2,617
732	Supervision – Interpreting	1,481
–	Supervision – Language Aide	27
3,546	Readers for Interpreting tests	4,543
138	Technician - Language aide & interpreting tests	120
17,365	On Demand tests	30,650
8,641	Sample tests – stock	11,072
2,453	Sample tests – development	820
4,248	Examiner training	3,295
4,469	Examiner superannuation	3,409
8,293	Chairperson honorarium fees	12,062
–	SOCOG test expenditure	24,080
1,678	Telephone/postage/courier – reimbursement	2,147
233,414	Total testing expenditure	286,427

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1999 \$		Note	2000 \$
OPERATING EXPENDITURE			
7,205	Accountancy fees	9	14,365
–	Administration costs		599
–	Advertising		1,573
14,200	Auditor's remuneration	9	9,450
1,000	AUSIT costs		–
9,347	Bank charges		8,057
308	Books purchased		180
24,715	Communications – postage/courier		30,103
6,597	Communications – internet		12,594
23,190	Communications – telephone/facsimile		29,176
–	Computer support/maintenance		52,834
–	Consultants		2,000
12,288	Depreciation		10,247
29,607	Depreciation – technology upgrade		60,399
59,665	Directors' remuneration & other costs	10	80,300
18,186	Education services		13,365
12,623	Electricity		13,884
1,926	Enterprise Bargaining costs		–
20,014	Equipment – photocopier lease		14,766
1,564	Equipment – purchase		1,001
3,909	Equipment – repairs and maintenance		2,020
500	Furniture & fittings		2,666
–	General expenses		546
10,000	Human resources review		–
58	Identification cards		–
6,141	Insurance – contents & liability		6,963
772	Insurance – directors & travel		2,922
12,780	Insurance – workers' compensation		10,679
28,991	Legal costs		51,058
2,584	Office – general expenses		7,296
131,606	Office – rental		139,017
10,714	Office – upkeep (including cleaning)		12,352
24,147	Payroll tax		38,868
61,170	Printing – directory/newsletter/stationery		72,348
5,043	Printing – photocopier charges		10,750
1,351	Publicity and functions		435
13,168	QAAC sitting fees & other costs		5,702
734	RAC other costs		434
534	Relocation costs		–

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1999 \$		Note	2000 \$
OPERATING EXPENDITURE (CONT'D)			
11,703	Salaries – casual		–
11,286	Salaries – movement provision LSL		(41,738)
3,735	Salaries – overtime		5,098
730,473	Salaries – permanent/contract		820,472
495	Staff training		5,824
64,378	Superannuation contributions		51,789
3,649	Translator stamps		4,070
953	Travelling expenses		4,378
<u>1,383,309</u>	Total operating expenditure		<u>1,568,842</u>
<u>1,616,723</u>	TOTAL EXPENDITURE		<u>1,855,269</u>
<u>16,004</u>	OPERATING SURPLUS BEFORE ABNORMAL REVENUE ITEMS		<u>110,437</u>
TECHNOLOGY GRANT REVENUE			
		16	
139,500	Commonwealth Government		–
2,300	ACT Government		–
39,100	NSW Government		–
29,900	VIC Government		–
18,400	QLD Government		–
1,150	NT Government		–
<u>230,350</u>	Total technology grant revenue		<u>–</u>
<u>246,354</u>	OPERATING SURPLUS/(DEFICIT) BEFORE ABNORMAL EXPENSE ITEMS		<u>110,437</u>
–	Less redundancy payments	17	(123,259)
<u>246,354</u>	OPERATING SURPLUS/(DEFICIT) AFTER ABNORMAL EXPENSE ITEMS		<u>(12,822)</u>

