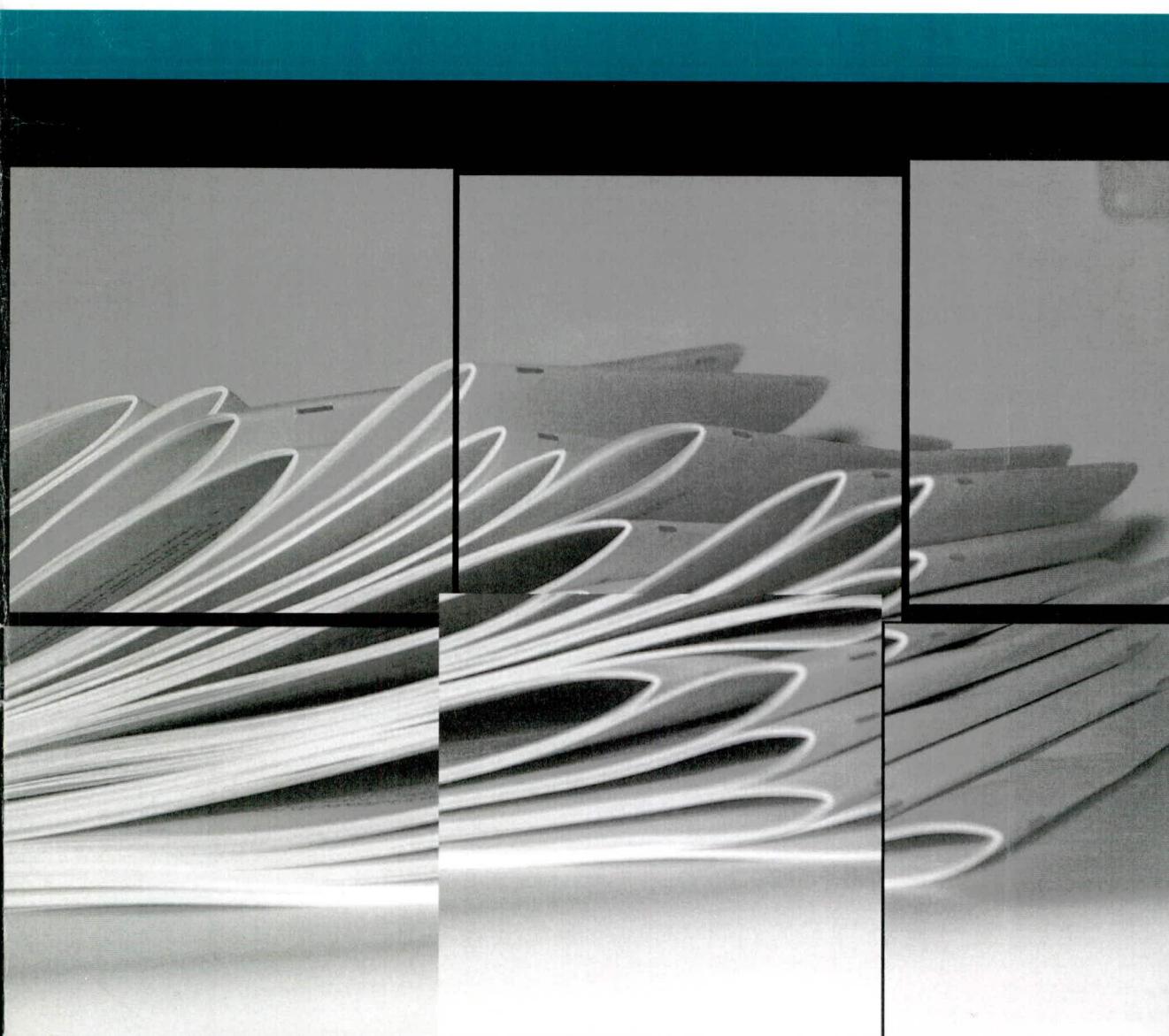




**National Accreditation Authority  
for Translators and Interpreters**

# **Annual Report 2003/ 04**



# NAATI



NAATI

National  
Accreditation  
Authority for  
Translators &  
Interpreters

ABN 42 008 536 899

## Annual Report 2003-2004

National Accreditation Authority for Translators and Interpreters Ltd 2004

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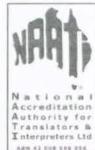
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25th Annual Report

# NAATI



The Hon. Peter McGauran MP  
Minister for Citizenship and Multicultural Affairs  
Parliament House  
Canberra ACT 2600

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Dear Minister

**Re: NAATI Annual Report 2003-2004**

I take pleasure in submitting the twenty-fifth Annual Report of the National Accreditation Authority for Translators and Interpreters Limited for the year ended 30 June 2004.

The report reflects the company's operations during the year according to the Business Plan 2000-2004 and the Funding Agreement with the Commonwealth, State and Territory Governments. It also includes the independently audited financial statements and various tables.

The NAATI Board of Directors, together with NAATI's expert committees and staff, helped the company achieve its core objectives during 2003-2004 and kept NAATI on a sound financial footing. I wish to acknowledge the valuable contributions made by all the above. Appreciation is also expressed to the stakeholders of NAATI, who offered valuable guidance and provided financial support to the company.

David Wheen  
Chairperson, NAATI Ltd  
December 2004

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# 1 YEAR IN REVIEW

BY THE CHAIRPERSON OF NAATI



*David Wheen Chairperson*

The financial year 2003-2004 was the fourth and final year of NAATI's four year Business Plan. It was also the first year of the new three-year funding agreement with governments and the first year whereby the objectives and outputs listed in the new Constitution were specifically addressed. The overlapping of these three key plans represent the means by which NAATI focussed its directions and priorities in 2003-2004.

During the year, NAATI achieved successful outcomes in a range of activities, including the following:

The delivery of :

1559 tests in the Annual Program  
2204 special on demand tests  
409 tests at overseas locations  
117 Language Aide tests (84 oral tests and 33 written tests)  
4289

- Assessment of 282 overseas qualifications leading to 204 accreditations
- Assessment of some 270 course graduate applications leading to 312 accreditations
- The awarding of 1427 accreditations as follows:

Paraprofessional Translator & Interpreter	317
Translator & Interpreter	1095
Advanced Translator & Conference Interpreter	13
Advanced Translator (Senior) & Conference Interpreter (Senior)	2

- The delivery of tests in six regional centres in Australia
- The delivery of 108 workshops to assist candidates to prepare for accreditation testing
- The approval of 4 new tertiary courses in T & I (Translation and Interpreting) at Australian institutions
- The completion of the design work on the new test formats resulting from the Test Format and Methodology Review
- The commencement of the test validation process
- The development of a Discussion Paper proposing the introduction of a system for the periodic revalidation of accreditation
- The completion of the new IT System for Accreditation Management (SAM)
- The relocation and up-grading of one NAATI state office (Perth)
- The production of the annual edition of the National Directory of Accredited and Recognised Practitioners of Translation and Interpreting
- The production of all corporate reports and their submission to the relevant authorities in a timely fashion.
- The successful negotiation of NAATI's third Certified Agreement
- The development and implementation of a training and testing program for Locally Engaged Employees at four Australian overseas posts in China
- The completion of the review of the Regional Advisory Committees and the establishment of new membership of the committees
- The provision of a national training program for all NAATI state and territory managers together with Central Office managers
- The revision of three key manuals: the Candidates Manual, the Manual for Course Approval and the Examiners Manual

- The re-design and updating of materials for the NAATI Website
- The development and implementation of a pilot program for the delivery of training and testing in rural and regional areas and for emerging languages
- The planning for an external Review of Administrative Processes Related to Testing
- The implementation of a new NAATI brand and style guide
- The development of promotional materials including CD Rom materials for Power Point Presentations and their distribution to NAATI's regional offices.

The System for Accreditation Management (SAM) was re-developed between April 2003 and January 2004 based on the most recent technology, namely dot NET. The system went 'live' on 29 January 2004 with all normal functions being maintained and with minimal disruption. Glitches were rectified over the subsequent months and additional enhancements to the system will be an ongoing feature of the system.

As part of its new objectives specified in the NAATI Constitution, work has commenced on a system for revalidation of accreditation. The demand for revalidation of accreditation has come from governments and service providers who seek an assurance that NAATI accreditation maintains its currency. In an essentially part time and casualised workplace, practitioners who move in and out of the profession may lose the level of competency they achieved at the time of accreditation. During the year, NAATI developed a Discussion Paper and provided a lengthy consultation period. While there is general support for the concept among stakeholders, there is also reservation about the methods of implementation. NAATI is currently developing further details of the proposal for release in the new financial year.

Also as part of the objectives in the NAATI Constitution, work continues on the test validation project. Two of the four key aspects to the project (Test Construct Validity and Test

Content Validity) were completed during the Test Format Review in 2000-2002. As a result, new test formats have now been developed and await trialling among volunteer candidates. The third aspect (Rater Reliability) has commenced with the commissioning of a primary researcher in this field to carry out the study which is to be completed in the next financial year. The major test reliability study will be initiated when the new test formats are introduced. It will be a much larger study and will require an international team of experts. NAATI is exploring potential partnerships with Australian Universities and a possible Australian Research Council grant.

In 2003-2004, NAATI conducted a review of its Regional Advisory Committees (RACs) which clearly indicated that they should be retained as an important element in the overall NAATI structure. The role, functions and structure of the RACs have been re-balanced to ensure that the role complements the company directions and objectives and that the structure includes a wider representation of stakeholders. RACs will operate on a two year work plan to achieve these goals.

During the year, NAATI carried out a thorough revision of its three key manuals, the Candidates Manual, the Manual for Course Approval and the Examiners Manual. The Candidates Manual was completed by June 2004, the Manual for Approval of Courses was nearing completion by the same date and the Examiners Manual is expected to be completed in the first half of the next financial year. The Candidates Manual is freely available on the NAATI web site to facilitate domestic and international access by all NAATI candidates.

One of the most significant projects undertaken by NAATI during the year was its Rural and Regional and Emerging Languages Project. This was a pilot project by which NAATI developed a national workshop program to familiarise potential interpreters in rural and regional areas and in emerging languages with basic interpreting skills, the role of the interpreter in Australia and ethics of the profession. The project included the delivery of workshops followed by NAATI testing in

languages for which tests are available and by NAATI Recognition in languages currently untested. In addition, the project included the development of workshop materials for face-to-face delivery. The project will be evaluated in the first quarter of the next financial year with a view to providing workshop/testing/recognition packages in other regional and metropolitan areas and with a view to developing the current workshop materials into a version compatible with on-line delivery.

In 2003-2004, NAATI negotiated its third Certified Agreement with staff. The agreement will remain in effect for three years from January 2004 and will incorporate salary increases of 13.1% over the period. Also during the year, NAATI convened a national training program for its managers, including all the state and territory managers. The three-day program focused on NAATI policies and procedures as a means to gain greater consistency in delivering NAATI services.

During the year, NAATI was requested by the Department of Immigration Multicultural and Indigenous Affairs to deliver a special program of workshops and paraprofessional interpreter tests to locally engaged employees at Australian posts in China. The program was delivered by a NAATI engaged consultant with expertise in Interpreter Training in four cities, Hong Kong, Guangzhou, Beijing and Shanghai.

Towards the end of the financial year, the NAATI Board approved an initiative to commission an external and independent review of NAATI's administrative procedures related to testing. The purpose of the review is to evaluate the efficiency, effectiveness and integrity of NAATI's administrative processes in relation to testing, to ensure consistency of application of the processes and to ensure transparency of the processes. The review is to be conducted in the next financial year.

With reference to the financial management of the company, NAATI was pleased to sign a three year funding agreement with all governments which has enabled NAATI to plan its longer term budget strategy with greater confidence.

The financial outcome of the company at the end of 2003-2004 resulted in a surplus of \$462,014 for the year. While this is less than the surplus achieved in 2002-2003, it represents the second highest surplus in the history of the company. This has enabled NAATI to hold test fees for domestic candidates at 2002-2003 levels for the second consecutive year. A significant contributor to the sound financial outcome has been the continuing demand for testing by persons seeking permanent residence in Australia. Should this demand diminish significantly, NAATI's financial position will be adversely affected.

In summary, NAATI successfully met the demand for a high level of service delivery, initiated, progressed or completed a number of projects and developments, engaged in a wide range of consultations and achieved sound financial outcomes for 2003-2004. Much work remains to be done. Several of the initiatives commenced in 2003-2004 will be completed in 2004-2005 while additional projects will be progressed.

The success of NAATI during the past year is directly attributed to the work of the Chief Executive Officer, the NAATI staff, the members of its specialist Qualifications Assessment and Advisory Committee, Examiner Panels, the Regional Advisory Committees and the Board of Directors. Without their support, dedication and hard work in fulfilling the objectives of the company during 2003-2004, the achievements would not have been so significant. The Members of NAATI and their Representatives have also given strong support during the year. The Board of Directors looks forward to working with all organisations and individuals in the coming year with the view of achieving the projected levels of performance and delivery.



David Wheen  
Chairperson, NAATI Ltd

## 2 ABOUT NAATI

### 2.1 ESTABLISHMENT AND STATUS OF THE COMPANY

The National Accreditation Authority for Translators and Interpreters (NAATI) was initially established in 1977 by the Commonwealth Government as part of the then Department of Immigration. On 1 July 1983 it was incorporated as a public company, limited by guarantee, under the A.C.T. Companies Act 1981. On 31 May 2002, NAATI's Memorandum and Articles of Association was replaced with a new Constitution under the Commonwealth Corporations Act 2001.

NAATI is an independent organisation jointly owned by the Commonwealth, State and Territory Governments of Australia (known as the Members of NAATI). NAATI sets and maintains the national standards for the translation and interpreter profession in Australia. NAATI's role is to promote and develop high quality skills in translation and interpreting from one language into another, especially where one of these languages is English.

### 2.2 THE NAATI MISSION

*Under its Constitution, NAATI's mission is to set and maintain high national standards in Translating and Interpreting to enable the existence of a pool of accredited translators and interpreters responsive to the changing needs and demography of the Australian culturally and linguistically diverse society.*

### 2.3 NAATI'S BROAD OBJECTIVES

From 31 May 2002, NAATI is committed to the following objectives specified in its Constitution:

- To set and maintain high national standards in translating and interpreting
- To maintain and enhance a nationally recognised accreditation system that is responsive to the changing needs of

the Australian community and accreditation applicants

- To raise community awareness of the value and appropriate use of accredited Translators and Interpreters
- To establish accreditation processes that are accountable and externally validated through suitably recognised and independent institutions
- To provide opportunities for accredited Translators and Interpreters to re-validate/upgrade their accreditation level
- To provide advisory and consultancy services in relation to Translating and Interpreting.

### 2.4 NAATI MEMBERS AND THEIR REPRESENTATIVES

In accordance with the Constitution, NAATI has nine Members of the Company. The Members are the Ministers responsible in the Commonwealth and each State and Territory for multicultural and/or ethnic affairs. A Member may appoint a person as his/her Representative to exercise any of the powers a Member may exercise under the Constitution and the Corporations Act.

The Members' Representatives usually include a senior officer within the Department of Immigration, Multicultural and Indigenous Affairs of the Commonwealth Government and the Chief Executive Officers of the Multicultural Affairs Commissions or like bodies in the State or Territory Governments.

Members/Members' Representatives of NAATI between 1 July 2003 to 30 June 2004 included:

Mr P Vardos, PSM	(Commonwealth)
Mr S Kerkyasharian AM	(NSW)
Ms E Jensen	(VIC)
Mr S Maguire	(QLD)
Dr Leela de Mel	(WA)
Ms J de Leo	(SA)
Ms L Andersch	(TAS)
Ms J Price	(NT)
Ms Judith Therkelsen	(ACT) (01/07/03 to 17/10/03)
Mr Hans Bohlscheid	(ACT) (18/10/03 to 31/03/04)
Mr Nic Manikis	(ACT) (01/04/04 to 30/06/04)

## 2.5 NAATI BOARD OF DIRECTORS

There are five NAATI Directors who are appointed by the Commonwealth Minister of Citizenship and Multicultural Affairs on a resolution of the NAATI Members. For the 2003-2004 financial year, the following served on the Board:

Mr David Wheen	Chairperson
Ms Vicki Mitsos	Deputy Chairperson
Ms Susan Bures	Director
Dr Max Brandle	Director
Mr John Kiosoglou	Director (from 30 August 2003)

## 2.6 NAATI COMMITTEES

There are two advisory subcommittees of the Board of Directors. They are:

### 2.6.1 THE QUALIFICATIONS ASSESSMENT AND ADVISORY COMMITTEE (QAAC)

The Qualifications Assessment and Advisory Committee (QAAC) is NAATI's primary advisory committee on accreditation standards and issues. The Committee is responsible for advice on the following:

- The approval of tertiary courses in interpreting and translation. Graduates of NAATI approved courses are normally eligible for NAATI accreditation.
- The development and revision of the Guidelines for the Approval of Courses
- The assessment of overseas qualifications emanating from institutions not previously assessed
- The assessment of qualifications for accreditation at the Advanced (Senior) levels on the basis of experience
- The development of eligibility criteria for accreditation at the various levels
- The consideration of serious appeal cases
- The development of policies relating to accreditation and testing

- The participation in reviews relating to accreditation and testing
- The consideration of general policy issues relating to standards of the profession.

The Committee makes recommendations on the above issues for consideration by the Board of Directors.

The work of the QAAC during 2003-2004 is summarised at 6.2.

The Members of QAAC are listed 9.1.

### 2.6.2 THE REGIONAL ADVISORY COMMITTEES (RAC)

During the year the role, function and composition of the Regional Advisory Committees were reviewed. Changes were made to the role and functions of the Committees (advisory and consultative), the membership (independent individuals and representatives of organisations) and in the term of the appointment (now two years). The Regional Advisory Committees have five key roles:

- a) to advise the NAATI Board on matters including:
  - T & I standards issues in the relevant state or territory;
  - The specific T & I needs of the state and territory and any particular regional variations;
  - T & I professional issues in the relevant state or territory;
  - Other issues identified by the NAATI Board.
- b) to advise the NAATI Board, as requested, about proposed developments or policy changes being considered by the Board;
- c) to assist NAATI in the promotion of general community awareness of the NAATI accreditation system and the

- value and appropriate use of accredited practitioners;
- d) to facilitate the exchange of information among the state or territory networks of practising professionals, T & I educators, and providers of language services about developments in the T & I industry;
- e) to assist the NAATI Board in its periodic consultations with industry stakeholders.

The performances of these Committees are outlined in 6.3 of this report. The members of these Committees are listed in 9.2 of this report.

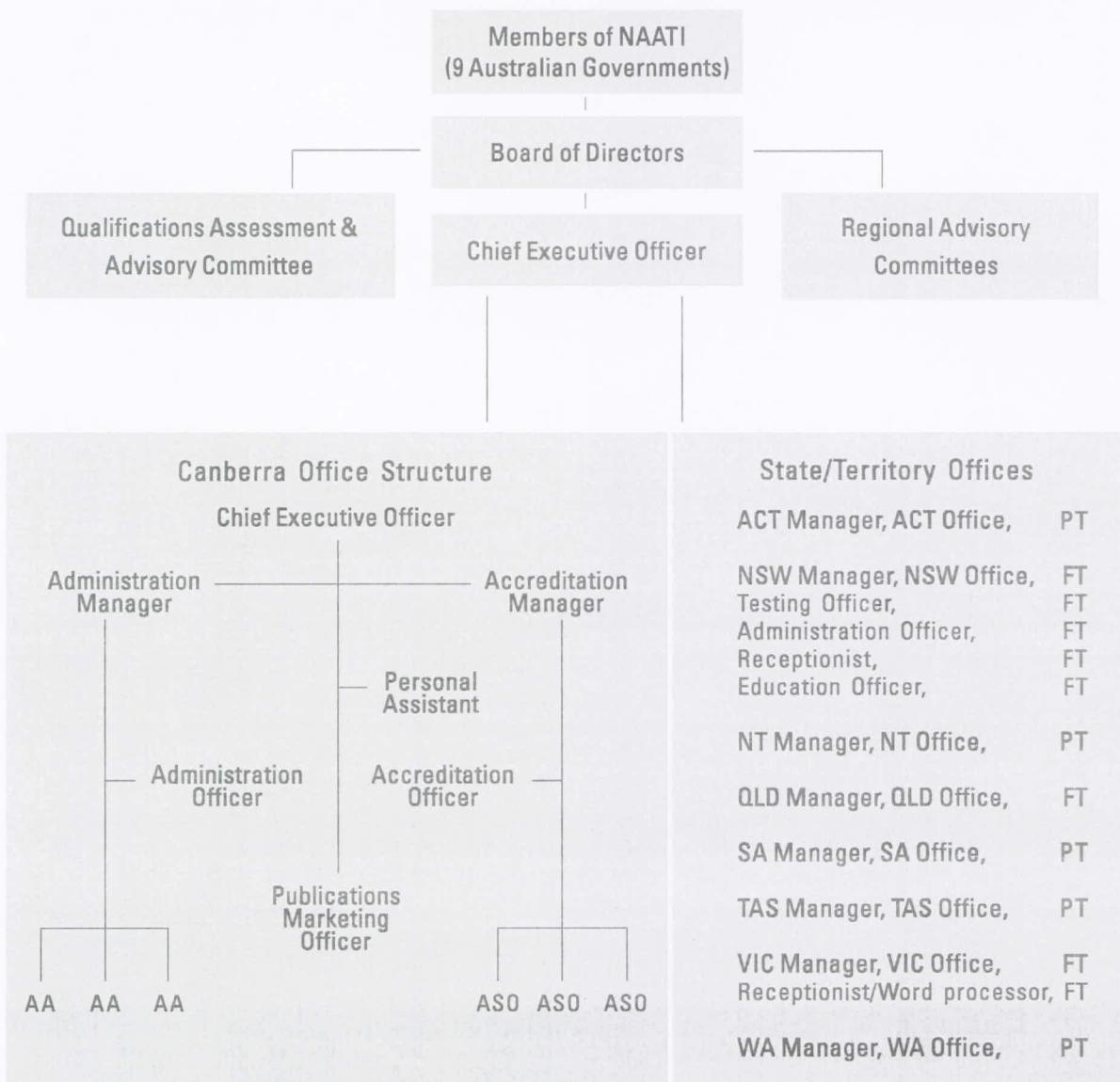
## **2.7 THE ORGANISATIONAL STRUCTURE OF NAATI**

NAATI is a public company with its administrative headquarters in Canberra. It has offices in each State and Territory, with full time staff in Canberra, Sydney, Melbourne and Brisbane. All other offices function on a part time basis to meet local demand. At 30 June 2004, NAATI employed 27 administrative staff members (22 effective full time positions) NAATI also had three maternity leaves during the year.

During the year, NAATI implemented some structural changes in the Central Office to provide better career structure within the organisation and better support for senior managers. The following chart illustrates the organisational structure of NAATI at 30 June 2004.

# NAATI ORGANISATIONAL STRUCTURE

The following chart illustrates the organisational structure of NAATI.



## KEY

AA = Administration Assistant

ASO = Accreditation Services Officer

### **3 PERFORMANCE REPORT**

Because the Fourth Year of the Business Plan has been superseded by the Funding Agreement and the Objectives and Outputs of the NAATI Constitution, the performance report for 2003-2004 has been set against the objectives and outputs of the Constitution. Detailed performance outcomes have been reported to NAATI's funding jurisdictions against specific items of the objectives and outputs which are included as deliverables in the Funding Agreement Report.

#### **3.1 SET AND MAINTAIN HIGH NATIONAL STANDARDS IN TRANSLATING AND INTERPRETING**

NAATI has developed and published a set of standards relating to various levels of NAATI accreditation for translators and interpreters. The standards include the meaning of the standard and the tasks that practitioners accredited at each level may be expected to deliver in the workplace. These standards are published in the Candidates Manual, the Concise Guide for Working with Translators and Interpreters in Australia, in the Examiners Manual, in the Manual for Course Approval and is freely available on the NAATI web site. The standards are shown at 9.3 of this report.

The standards of accreditation by testing demand that candidates can demonstrate a performance in interpreting and translation which accurately conveys a message from one language into or from English. On NAATI tests, candidates must achieve 70/100 for the paraprofessional and professional level tests and 80/100 for the Advanced Translator and Conference Interpreter tests. The need for accurate message transfer demands that the standards are set at these high levels.

Review mechanisms are in place to ensure that standards are maintained. These include the use of two examiners for every test, the monitoring of final exams for NAATI approved

courses, the opportunity for review for failed candidates and periodic review of the test policies and procedures to ensure that they remain relevant to workplace requirements. In the current financial year, the Test Formats for the professional level tests (Translator and Interpreter) have been redesigned to more accurately reflect workplace requirements. The new tests will be piloted in the next financial year prior to implementation.

The T & I standards are enhanced through NAATI's links with the Australian Institute for Interpreters and Translators (Ausit) whose Ordinary Membership includes the criterion of NAATI accreditation. NAATI also has worked with Ausit to jointly host conferences and seminars to promote the use of accredited practitioners who can perform at a high standard.

As part of NAATI's commitment to ensure that accredited practitioners can perform at high standards, NAATI also includes knowledge of Ethics of the Profession as part of the accreditation testing. Candidates must achieve a pass in this component of the test before accreditation is awarded.

#### **3.2 MAINTAIN AND ENHANCE A NATIONALLY RECOGNISED ACCREDITATION SYSTEM THAT IS RESPONSIVE TO THE CHANGING NEEDS OF THE AUSTRALIAN COMMUNITY AND ACCREDITATION APPLICANTS**

In meeting this objective, NAATI sets an Annual Testing program each year which is developed taking account of the needs of major service providers and candidate demands. In addition, because of the need to provide opportunities for testing throughout the year for those with urgent needs, NAATI offers special on demand tests and tests at overseas locations. Further, NAATI approves courses in T & I at tertiary institutions and assesses qualifications in T & I gained at overseas tertiary institutions.

In these three areas, the following achievements have been in 2003-2004:

### 3.2.1 TESTING

Over the course of the past four years adjustments have had to be made in the target numbers of tests. The adjustments have been in line with the changing nature of the demand

and these have been incorporated into the new Funding Agreement with Governments. Over the past four years there has been a significant shift in demand from annual program tests to special on demand tests. This is demonstrated in the table below:

**Table 1: Changing Demand for NAATI Tests**

Year	#Annual Program Tests		#Special On Demand Tests		Overseas Tests		Total Tests
	Tests	% of total	Tests	% of total	Tests	% of total	
2000-2001	1733	66.2	678	25.8	211	8.0	2622
2001-2002	1691	47.7	1607	45.4	244	6.9	3542
2002-2003	1854	43.9	1912	45.4	450	10.7	4216
2003-2004	1674	37.8	2206	51.1	409	9.5	4289

(#includes Language Aide Tests)

For 2003-2004, the target and actual number of tests are shown in the table below:

**Table 2: Test Numbers: Targets vs Actuals**

Type of Tests	Target for Delivery	Number Delivered	% Target
Annual Program T&I Tests	1900	1674	88.1%
Special On Demand Tests	2000	2206	110.3%
Overseas Tests	400	409	102.3%
Language Aide Tests	75	117	156%
<b>Total</b>	<b>4375</b>	<b>4289</b>	<b>98.0%</b>

The total number of translation and interpreting tests delivered within Australia during 2003-2004 remained almost constant with that of the previous year (4289 vs 4216). Because of the shift in demand from annual program tests to special on demand tests, the original Business Plan targets were adjusted prior to the commencement of the financial year based on the trends of the previous two years. The adjusted targets were 1900 tests for the annual program and 2000 special on demand tests. By the end of the year the annual program tests were below target by 11.9% (1674 v 1900) while the special on demand tests exceeded target by 10.3% (2206 against target of 2000). Overseas tests exceeded the new target by 2.3% (409 against a target of 400). The previous trends in the demand, shifting away from annual program tests to special on demand tests as seen 2000-2001, has continued during the current year.

A significant proportion of the demand for special on demand tests and overseas tests has been created by intending migrants to obtain either a skilled occupation assessment or an assessment of language fluency skills for the bonus points associated with fluency in a community language. It is thought that 2003-2004 may have been an exceptionally high year for special on demand tests as on-shore students sought NAATI accreditation prior to the introduction of the two year study rule by DIMIA on 1 April 2004. In addition to the migration factor, many candidates are preferring to sit for tests when they feel prepared rather than at the set dates offered by the annual program.

The shift in demand for the various types of NAATI tests has resulted in changed operations to enable testing to be carried out throughout the year. NAATI has had to ensure more consistent staffing levels on an annual basis rather than relying on casuals to meet demands at peak periods. It has had to improve its office premises to cater for small numbers on a regular basis and it has had to improve its record keeping to ensure that no candidate sits the same test twice.

In the delivery of tests, NAATI offered 40 languages at three levels of accreditation in the annual program and 56 languages through special on demand testing. Testing in Australia was delivered in the eight metropolitan centres and six regional centres including Newcastle, Coffs Harbour, Wagga Wagga, Cairns, Shepparton and Port Hedland.

The demand for tests has also been reflected in the number of new candidates received by NAATI during the period under review. The current year has experienced a small decrease in the number of new candidates from 3604 in 2002-2003 to 3258 in 2003-2004. The majority of these have been test candidates. Although there were 346 fewer new candidates, they sat for 73 more tests than in the previous year indicating that many candidates sat for more than one test during the year.

### **3.2.2 COURSE APPROVALS**

NAATI approves Translation & Interpreting courses at Australian tertiary institutions and continues to monitor the courses to ensure that the institutions maintain the quality of the course over the period of approval. Graduates of such courses who achieve the NAATI standard in the final examination may be awarded NAATI accreditation at the same level for which the course is approved.

In 2003-2004, NAATI granted initial approvals or re-approvals to seven translation and/or interpreting courses in Australia, extensions of approval to three courses and approval for an additional language for one course (see Table 3). This brings the total number of approved courses in Australia to twenty-two, nine at the Diploma level (paraprofessional), seven at the Advanced Diploma, one at the BA level, three at the Graduate Diploma level and two at the M.A. level. These twenty-two programs are being delivered by twelve institutions. In the process of approving courses NAATI received one application for delivery of the Post Graduate / M.A. course in Auslan Interpreting by external mode. This was the first application for external mode delivery. NAATI worked with the institution to develop effective delivery strategies which would ensure that graduates would meet the NAATI standards and then approved the course.

Table 3: Course Approvals

**New Course Approvals**

**Advanced Diploma in Translation**

WA TAFE (Central Campus)      French, Italian, Japanese, Macedonian, Thai  
07/02/04 to 31/12/04

**Post Graduate Diploma and M.A. in T & I**

Macquarie University      P.G Dip Auslan, Chinese, Mandarin, Japanese,  
Korean Thai, French, Spanish  
01/07/03 to 31/12/04

M.A. Auslan, Chinese, Mandarin, Japanese,  
Korean,Thai, French, Spanish  
01/07/03 to 31/12/04

P.G Dip/MA Auslan by External Mode  
01/01/04 to 31/12/05

**Course Re-Approvals**

**Advanced Diploma of Interpreting and/or Translating**

NSW TAFE (Petersham Campus)      07/02/04 to 31/10/05

NSW TAFE (Granville Campus)      07/02/04 to 31/10/05

**Master of Arts**

University of Queensland      07/02/04 to 31/12/06

**Course Extensions of Approval**

**Advanced Diploma of Interpreting and/or Translating**

RMIT      01/01/04 to 31/12/04

University of Western Sydney      B.A. in T & I 01/01/05 to 31/12/05  
P.G Diploma 01/01/05 to 31/12/05

**Additional Languages**

**Diploma of Interpreting**

WA TAFE (Central Campus)      Thai  
01/02/04 to 31/12/04

### 3.2.3 ASSESSMENT OF OVERSEAS QUALIFICATIONS

NAATI is the designated body in Australia to assess qualifications in interpreting and translation obtained from overseas institutions. In carrying out this responsibility, NAATI works closely with the National Office of Overseas Skills Recognition (NOOSR) and reports to it on a quarterly basis.

The demand for NAATI accreditation on the basis of overseas assessment decreased in 2003-2004 from 315 in the previous year to 282. Applications for this method of accreditation

are submitted by three groups of individuals: Australian citizens and permanent residents who trained overseas and wish to work as translators and interpreters in Australia; professional practitioners residing overseas who seek a formal qualification in interpreting and translation and individuals seeking accreditation for the purpose of identifying a skilled occupation in relation to their applications for migration to Australia. The last mentioned group represented the largest demand during the year. Of the 282 applications for accreditation received in 2003-2004 204 were successful and resulted in an accreditation.

### 3.2.4 ACCREDITATIONS

In 2003-2004, NAATI awarded 1427 accreditations as follows:

Table 4: Accreditations: 1 July 2003 to 30 June 2004

Level of Accreditation	By Testing	By Course Approval	By Overseas Quals	Total Accreditations
Paraprofessional Translation	6	0		6
Paraprofessional Interpreting	171	140		311
Translator into English	190	18	7	215
Translator into LOTE	475	89	184	748
Interpreter	71	61		132
Advanced Translator	0	1	7	8
Conference Interpreter	0	1	4	5
Advanced Translator Senior	0			0
Conference Interpreter Senior	0		2	2
<b>Total</b>	<b>913</b>	<b>310</b>	<b>204</b>	<b>1427</b>

The 1,427 accreditations were spread over 61 languages and the four levels of NAATI accreditation. They included 16 accreditations in 7 Indigenous languages.

### **3.2.5 SUPPORTING ACTIVITIES**

As part of meeting the main objective, NAATI maintained open communication channels with the NAATI Members' Representatives in the past year and with the government and private service providers to enable it to identify their needs. NAATI regularly surveys the service providers to identify the languages of greatest demand and shortest supply so that testing of these languages can be offered within annual programs. In addition, the surveys help to identify those new and emerging languages for which accreditation testing would be helpful. In May 2003, NAATI identified Tetum and Tigrinya as new and emerging languages and established examiner panels and began developing tests in 2003-2004. The first accreditation tests in these languages will be offered in the 2004-2005 annual program. Similarly in May 2004, NAATI through its communications with service providers and DIMIA representatives, identified four languages for future development, these being Dinka, Oromo, Nuer and Armenian. The panels will be established over the next two years with the first accreditation tests to be offered in the year following the establishment of the panel.

NAATI has also endeavoured to extend accreditation opportunities beyond the metropolitan cities of Australia by identifying and training test administrators in rural and regional areas. During the year, accreditation testing was delivered in 6 regional centres of Newcastle, Coffs Harbour, Wagga Wagga, Cairns, Shepparton and Pt Hedland. NAATI has also delivered preparatory workshops in some of these locations.

NAATI encourages practitioners accredited at the Paraprofessional Interpreter level to upgrade their accreditation to the Professional Interpreter level. During the 2003-2004 year, NAATI conducted a survey of all accredited Paraprofessional Interpreters seeking information on their interest in upgrading and the factors that may be preventing them from doing so. The survey revealed that only 53% of

all paraprofessional interpreters were interested in upgrading their accreditation level. The factors influencing the level of interest of these interpreters (in order of priority):

- The cost of the test
- The level of difficulty of the test
- The lack of training opportunities
- The lack of work in the particular language to justify the cost of the test
- Their unreadiness to sit the test.

To address this situation, NAATI included flyers in the test invitations to encourage practitioners to upgrade and because of more positive financial outcomes in the past two years, NAATI has held test fees for Australian citizens and Permanent Residents at the 2002-2003 level. NAATI has also canvassed service providers to encourage their contractors to upgrade from the paraprofessional level and this has had positive outcomes within some agencies.

### **3.3 RAISE COMMUNITY AWARENESS OF THE VALUE AND APPROPRIATE USE OF ACCREDITED TRANSLATORS AND INTERPRETERS**

In the previous financial year, NAATI developed and published a new version of the Concise Guide for Working with Translators and Interpreters in Australia. This Guide has been promoted at multicultural and community events and more recently through the TIS (Telephone Interpreter Service) newsletters. In addition, the NSW state manager for NAATI designed and delivered a Working With Interpreters workshop for external agencies. This workshop is now available for delivery by NAATI in all states and territories.

Further, during 2003-2004, NAATI's state office managers developed a schedule of consultations and liaison engagements to specifically promote community awareness of the value and appropriate use of accredited

Translators and Interpreters. They also attended various special industry events. In total, 33 community/candidate information sessions were convened, 92 meetings with individual or organisational stakeholders and two meetings were held with international visitors with an interest in NAATI's accreditation system. In the states and territories, NAATI participated by presenting displays at Adult Learners Week and Careers Expo in Victoria, in the T & I Awareness Day event in Queensland and in Law Week in South Australia. NAATI also had several articles about accreditation and working with interpreters published in external newsletters or journals.

The thrust of the community awareness program extended to service providers who are encouraged to use practitioners accredited at the professional level as the clearly preferred option and to only accept those with lower accreditations where necessary. NAATI provides services providers with an annual update of the languages for which accreditation tests are available and encourages them to have their unaccredited contractors seek accreditation in them.

NAATI continues to publish on CD Rom and on the web site the list of accredited translators and interpreters who are readily available for work. This is provided in the National Directory of Accredited and Recognised Practitioners of Translation and Interpreting.

While NAATI keeps a record of all accredited individuals by language on its database, it is not currently published due to the unreliability of the contact details. Many accredited practitioners have left the profession and are no longer available for work, others may be living overseas or may be deceased. However, by request, NAATI will provide a list of such accredited people by language and if possible will provide one contact detail if permission to provide this information has been given by the individual.

### 3.4 ESTABLISH ACCREDITATION PROCESSES THAT ARE ACCOUNTABLE AND EXTERNALLY VALIDATED THROUGH SUITABLY RECOGNISED AND INDEPENDENT INSTITUTIONS

During 2003-2004, NAATI continued with the test validation project. The Test Content and Construct aspects of validation were completed in 2000-2002. The test Reliability Rater Study commenced in 2003-2004 and the larger Test Reliability project will be commenced in due course. More detail about this project may be found at 4.2 of this report.

As an output of this objective, NAATI is required to establish Recognition processes for languages in which accreditation testing is not yet available. Such processes have been in place for more than two decades, but are periodically reviewed to identify workable eligibility criteria which will provide greater assurance of the applicant's ability to perform as interpreters and translators. In the Test Review of 2000-2002, it was recommended that applicants for Recognition should complete a module of training, particularly in the ethics of the profession in addition to the normal provision of evidence of the regular and recent practice of the individual. NAATI has strongly supported this recommendation and has worked towards facilitating its implementation through the development of a universally accessible training module. In 2003-2004, through its Rural and Regional Project (see 4.6 of this report), NAATI developed a 12 hour workshop consisting of three main sections: interpreting skills, ethics of the profession and working in the Australian context. The workshop is aimed at preparing individuals for either the NAATI Paraprofessional Interpreter test or for application for NAATI Recognition. It is planned to develop the workshop for on-line delivery in 2004-2005. As soon as it becomes accessible through the Internet, NAATI will be able to make this a compulsory prerequisite for NAATI Recognition. This will provide greater assurance that those practitioners who are unable to be tested, will at least have some training in working in the profession.

In working towards better workplace practices, NAATI continues to improve procedures and processes through streamlining, benchmarking and better use of advanced technology. The introduction of the new System for Accreditation Management and the provision of access to a central database has made this possible. In addition, the National Managers Training Conference held in January 2004 provided an opportunity for all managers to workshop issues of common concern and find common resolutions.

During the year, NAATI reviewed its office procedures and associated documentation which has resulted in the updating of procedures and the reallocation of some tasks to other positions.

Towards the end of the year the NAATI Board initiated a formal external review of the Test Administration Procedures. This review will be carried out in the next financial year.

In May of each year, NAATI reviews the composition of all its examiner panels. Appointments for the following financial year are dependent upon examiner performance, the number of resignations during the year and the gaps in expertise that may occur on panels due to resignations. In considering appointments appointees must meet the three key criteria of tertiary qualifications, NAATI accreditation (in languages for which it is available) and extensive experience as interpreters or translators or expertise as a linguist/academic. In the coming year, NAATI will be implementing external audit processes among its examiners through the test validation project (See 4.2 of this report)

In 2003-2004, NAATI engaged 312 examiners across 52 panels covering 55 languages.

In relation to candidates, NAATI advises them of the testing process through the Candidates Manual, the various promotional flyers, the invitations to testing and on the web site. During the year, the Candidates Manual was

thoroughly revised to ensure that NAATI policies and procedures are clearly explained. Candidates are also informed of the opportunities for review of their test results not only through the Candidates Manual but also in their result letters.

### **3.5 PROVIDE OPPORTUNITIES FOR ACCREDITED TRANSLATORS AND INTERPRETERS TO REVALIDATE/ UPGRADE THEIR ACCREDITATION LEVEL**

During 2003-2004 NAATI commenced the development of processes which it is proposed will ultimately lead to periodic revalidation of accreditation. A Discussion Paper outlining the reasons for the proposal and ways in which it might be achieved was developed and released in January 2003. Written responses received together with oral responses obtained from consultations with stakeholders indicated that although there was support for the concept, there was no consensus concerning the ways in which it might be implemented. An external consultant was engaged to analyse the responses. The following findings emerged from the analysis:

- a) There is clear and strong support for the general principle of revalidation of accreditation.
- b) There is clear acceptance of the need for and value of continuing professional development.
- c) There is acceptance of the need for emphasis on skill development but there is a diversity of views on how this might be achieved.
- d) There will be a cost attached to revalidation of accreditation and it will need to be contained to the minimum possible.
- e) There is a need to be creative in the development of options which will serve as the means to revalidation of accreditation, including Internet and on-line programs.

- f) With reference to the linkages between revalidation of accreditation and remuneration scales, there is no obvious solution. The two should not necessarily be linked.
- g) There is concern about practitioners who do not revalidate their accreditation. Theoretically they will represent non-active practitioners and therefore should have little impact on overall service provision.

In developing a strategy to progress the matter, NAATI will prepare a second and more detailed paper building on ideas received to date. Once completed, NAATI will convene a forum(s) in Sydney and/or Melbourne to discuss this second paper with a view to reaching consensus on how an effective system for revalidation of accreditation can be implemented.

In the meantime, NAATI has publicised among candidates and service providers, the benefits of continuing professional development and encourages all accredited practitioners to participate in such programs. NAATI advertises such programs as delivered by NAATI and other organisations through newsletters, flyers and on the web site.

With reference to the number of candidates who have upgraded their NAATI accreditation during 2003-2004, NAATI reports that for the first time, it is able to provide this information as a result of the implementation of the new IT system during the year.

The upgrading of accreditation primarily relates to the interpreter skill from the Paraprofessional level to the Interpreter level. It is very rare to have such upgradings between these two levels for translators since NAATI does not offer accreditation at the Paraprofessional Translator level in the majority of languages. It is only available in the new and emerging languages. Upgrades from the professional level to the Advanced Translator and Conference Interpreter level are also low in numbers since most of the accreditations at the higher levels are as a result of overseas qualifications and they are awarded directly at this level.

During 2003-2004, the number of upgrades were as follows:

**Table 5: Number of Upgraded Accreditations: 1 July 2003 to 30 June 2004**

<b>Level Of Upgrade</b>	<b>Number of Upgraded Accreditations</b> compared with total accreditations at the higher level of accreditation		
Translator to Advanced Translator	1	of	7
Paraprofessional Interpreter to Interpreter	48	of	133
Interpreter to Conference Interpreter	3	of	5
Conference Interpreter to Conf Int Senior	2	of	2
<b>Total Number of Upgrades</b>	<b>54</b>	<b>of</b>	<b>147</b>

### 3.6 PROVIDE ADVISORY AND CONSULTANCY SERVICES IN RELATION TO TRANSLATING AND INTERPRETING

During 2003-2004 NAATI provided special advisory services to a range of clients. The services included telephone, email, group and meeting situations. Examples of such work included:

- a) Independent evaluations of quality of translation work for service providers flowing from complaints they received.
- b) Advice regarding recruitment processes for T & I using NAATI accreditation as a benchmark.
- c) Meetings with representatives of international bodies wishing to establish similar accreditation systems.
- d) Special workshops for professionals and organisations on Working with Interpreters.
- e) Information sessions to community groups about the NAATI accreditation system and the benefits of using accredited practitioners.
- f) Advice on particular ethical queries or the role of interpreters raised by clients of translators or interpreters.
- g) Advice to institutions planning to develop and deliver new courses in T & I.

## **4 SPECIAL PROJECTS AND DEVELOPMENTS**

During the year, NAATI was involved in a number of special projects. They included the following:

### **4.1 THE IT RE-DEVELOPMENT**

In accordance with a contract with a local software development firm, the development work on a new IT database system (System for Accreditation Management – SAM)

commenced in April 2003. The system was built on the most recent technology, dot NET. The development of all functional operations was completed by 24 December 2003 and further testing took place during January 2004. The system went live on 29 January 2004. During the following three month warranty period, a number of glitches were detected and were put on a task list for address by the developers. The developers experienced particular problems with the statistical reporting.

Overall, the implementation of the new system was smooth and successful, with NAATI maintaining normal functions with minimum disruption. Additional enhancements to the system will be an ongoing feature of the system. The project was delivered within the time framework and within budget.

### **4.2 TEST VALIDATION PROJECT**

As part of the broad objectives of the NAATI constitution, NAATI continued its work to establish accreditation processes that are accountable and externally validated through suitably recognized and independent institutions. The focus will be on the NAATI tests for this work.

There are four key aspects to the validation project including Test Construct Validity, Test Content Validity, Rater Reliability and Test Reliability. The first two have been completed

through the Test Format Review in 2000-2002 and recommendations are being implemented through the development of new test formats and pilot testing.

The other two key areas of test validation (rater reliability and test reliability) were considered during the year. The former is one that is concerned with examiner reliability and compares tests within a language and across languages in terms of design qualities and levels of difficulty. The process also considers the comparability of examiner assessments within a language and across languages.

During the year, NAATI commenced the Rater Reliability study by commissioning an external consultant in the field of language and T & I test validity studies. This study will be conducted in 2004-2005. The study will consider the degree of marking consistency between exam raters (examiners) for particular tests in particular languages and the marking consistency of raters across several languages.

The major test reliability study, will be initiated when the new test formats are introduced. This study involves the evaluation of equivalence of different test tasks (eg three translation passages on a single test) and the equivalence of different tasks across languages (eg. Passage 1 on tests in French, Spanish, Chinese, etc). The project will be the largest one and the most difficult since (as far as we are aware) there is no precedent for this type of study in the world. NAATI will be breaking new ground with this project. It will require an international team of experts. Potential members of such a team are being identified. The study will have a high cost and will necessitate developing partnerships with academic institutions.

### **4.3 DEVELOPMENT OF PILOT TESTS WITH NEW FORMATS**

During the year, NAATI commissioned four examiner panels to develop pilot tests for Translation and Interpreting according to the

Review. The panels developing the new tests incurred unforeseen problems with the design, particularly the design for the new Auslan Interpreter test. A modified design was recommended by the examiners which then needed to go back to the Test Review Panel members for validation. These factors slowed the process of design.

At the end of the financial year all pilot tests have been written and approved according to the test design specifications. The Translator tests were ready to be trialled. The Interpreter tests were ready for recording, prior to trial.

#### **4.4 REVIEW OF REGIONAL ADVISORY COMMITTEES**

During 2003-2004 NAATI completed the review of the Regional Advisory Committees (RACs). The outcomes of the review highlighted the following:

- a) In principle, that the RACs should be retained as an important element in the overall NAATI structure;
- b) The RACs provide notable benefits to NAATI and should be retained as an active partner;
- c) There is a need to re-balance the role, functions and structure of RACs;
- d) The NAATI Board should have input in establishing RAC agendas for periods between Board meetings; and
- e) There is a need to establish a means for a wider consultation process with industry partners.

As a result of these outcomes, NAATI reviewed the role and structure of the Committees to ensure that the role complements the company directions and objectives and that the structure includes a wider representation of stakeholders.

From 1 July 2004, new members of the Committees were appointed for a two year term. Each RAC has been provided with guidelines from the Board including selected areas on which it might focus its energies. The RACs

have been requested to develop a two year work plan including goals and objectives and the means/activities by which they may be achieved.

#### **4.5 REVISION OF KEY MANUALS AND WEBSITE**

During 2003-2004 NAATI commenced a revision of its key information documents including the Candidates Manual, the Manual for the Approval of Courses and the Examiners Manual. In addition, NAATI re-designed its web site and up-dated all the information contained thereon.

The work on the Website was completed by January 2004 and the revision of the Candidates Manual was completed by June 2004. Between January and June 2004, both the Manual for Course Approval and the Examiners Manual were revised. The latter has been completely re-written incorporating test specifications and approaches to test setting and marking which facilitate test validation. Extensive consultation has taken place during the revision of both manuals.

At 15 October 2004 the Manual for Course Approval has been completed. The near-final draft of the Examiners Manual has been circulated among examiners with responses due by 29 October. The manual is due for Board approval with implementation planned from 1 January 2005.

#### **4.6 RURAL AND REGIONAL AND EMERGING LANGUAGES PILOT PROJECT**

During 2003-2004, the NAATI Board approved a pilot project by which a national workshop program to familiarise potential interpreters in rural and regional areas and in emerging languages with interpreting in Australia, ethics of the profession and basic interpreting skills would be developed. The project would involve the delivery of the workshop in areas of need followed by NAATI testing in languages for which tests are available, and by NAATI Recognition in languages currently untested.

During the period January to June 2004, NAATI developed the workshop content for the project for use in face-to-face workshops. The next phase will be to develop the materials for on-line delivery.

The delivery of workshops and testing/recognition procedures are planned for delivery in the first quarter of the next financial year.

#### **4.7 NAATI HUMAN RESOURCE ACTIVITIES**

In January 2004, the third NAATI Certified Agreement was certified in the AIRC. The agreement had been negotiated over the preceding eight months and culminated in a majority vote for acceptance. The agreement will remain in effect for a three year period and will incorporate salary increases of 13.1% over the period.

Also in January 2004, NAATI held a national training program for its managers, including all the state and territory managers. The three – day program focused on NAATI policies and procedures in order to gain greater consistency in delivering NAATI services. It also included training on the new IT system.

NAATI plans to schedule a similar training program in the 2004-2005 financial year to build upon the progress made in this first workshop.

#### **4.8 NAATI CHINA PROJECT**

In November 2003 NAATI delivered a special program of workshops and paraprofessional interpreter tests to locally engaged employees at Australian posts in China. The program was delivered in four cities (Hong Kong, Guangzhou, Beijing and Shanghai) and involved 57 participants in the workshops of which 24 sat the NAATI paraprofessional interpreter test. NAATI engaged a Mandarin and Cantonese speaking Australian educator and practitioner to deliver the program.

The final outcomes of the program resulted in 19 accredited Paraprofessional Interpreters and all missions benefiting from staff who had acquired more skills in the interpreting area together with a benchmark provided by the newly accredited staff.

#### **4.9 REVIEW OF TEST ADMINISTRATIVE PROCEDURES**

In June 2004, the Board approved the initiative to commission an external and independent review of NAATI's administrative procedures related to testing. The key terms of reference are:

- a) To evaluate the efficiency, effectiveness and integrity of NAATI's administrative processes in relation to testing
- b) To ensure that there is consistency of application of the processes
- c) To ensure transparency of the processes

The review will focus on the following:

- a) Review the processes related to the administration of accreditation tests, including
  - (i) Test program development
  - (ii) Test setting and approval
- b) Test production and delivery
  - (i) Test marking
  - (ii) Result processing
  - (iii) Viewing of marked tests
  - (iv) Reviews and appeals
  - (v) Candidate administration, including confirmation of candidate identity
  - (vi) Examiner selection, appointment
  - (vii) Compare NAATI test administration processes with examination processes of like bodies and institutions of higher education

- c) Evaluate the testing processes in terms of test integrity and security
- d) Consult with major stakeholders including NAATI Members or their Representatives, NAATI staff in Central, State and Territory offices, examiners, candidates and others that may be identified
- e) Make recommendations for improvements
- f) Recommend a strategy and costing for implementation.

## 5 STATE AND TERRITORY OFFICE ACTIVITIES

In 2003-2004, NAATI operated in all states and territories of Australia. The primary focus of these offices is the delivery of tests and workshops. However, they also have the important function of being the "face of NAATI" to the majority of NAATI's candidates and to industry stakeholders in their region. The managers of these offices also work with the Regional Advisory Committees to help promote NAATI accreditation and the use of accredited practitioners in Australia.

The level of service delivered by each of the states and territories is reflective of the population of the state or territory and the proportions of non-English speaking people in them. On this basis, New South Wales has the highest level of service delivery followed by Victoria, Queensland, Western Australia, South Australia, Tasmania, Northern Territory and the ACT.

More specifically, each office made contributions as follows:

**ACT:** In the ACT, the state manager focussed on the delivery of local tests and candidate inquiries. He was also the point of contact for NAATI's test administrators in New Zealand

**NSW:** In NSW, the manager and staff not only coordinated and supervised 1889 tests, but they also developed and conducted a *Working with Interpreters* special workshop for employers, assisted with the development of the national rural and regional strategy and increased the liaison work with NAATI stakeholders. The manager also contributed significantly to the negotiations for the third Certified Agreement.

**NT:** In the Northern Territory, the manager gave greater focus to the promotion of NAATI services in the region and to liaison work. She also worked closely with the Northern Territory Interpreter and Translator Service for the delivery of workshops to prospective NAATI candidates. The manager also extended her consultative work during the year.

**QLD:** Queensland demonstrated a strong demand for NAATI accreditation testing during the year as well as a high level of general inquiries. The manager worked to promote NAATI accreditation and the use of accredited practitioners in the state by having a busy consultation and networking schedule and through targeted advertisements. He made several visits during the year to North Queensland to facilitate training and testing in key centres. He also worked with the Regional Advisory Committee to play a role in Queensland's Interpreter and Translator Awareness Day.

**SA:** In South Australia, the manager conducted tests and workshops but also contributed to the promotion of engaging accredited practitioners for T & I work. To this end, the manager contributed several articles to professional newsletters and journals and with the Regional Advisory Committee, participated in the SA Law Week.

**TAS:** In Tasmania the demand for NAATI accreditation is very low and candidates who do attempt tests are often unprepared. The state manager focussed her energies during the year on intensive briefing sessions and special workshops for candidates. In addition, the manager developed a proposal for the inclusion of Tasmania

in the Rural and Regional Pilot projects to be delivered in Launceston. The proposal was accepted by the Board for implementation early in the next financial year.

VIC: During 2003-2004 Victoria made a significant contribution in terms of testing, workshops and promotional work. In addition, the managers (one on maternity leave and the other being a fixed term replacement) assisted with the review of the Candidates Manual, the NAATI State/Territory Office Manual and the Workshop Content Outlines.

WA: During the year, the state manager organised the move to new office premises, giving NAATI greater flexibility for on-site operations. In addition to the normal testing and workshop functions, the manager organised and facilitated two professional development seminars, one on Tax and Small Business for T & Is and the other on Interpreting in Courts of Law. The manager also developed a strategic plan for external liaison and commenced its implementation during the year. She further completed all the preliminary work related to the Rural and Regional Pilot project in readiness for delivery, early in the next financial year.

# 6 BOARD AND COMMITTEE ACTIVITIES

## 6.1 NAATI BOARD OF DIRECTORS

The NAATI Board of Directors met seven times during the year as follows:

- 25-26 August 2003 in Brisbane
- 25 September 2003 by Teleconference
- 13-14 November 2003 in Canberra
- 3-5 March 2004 in Perth
- 3-4 June 2004 in Canberra
- 10 June 2004 by Teleconference
- 23 June 2004 by Teleconference

The work of the Board was to direct and give leadership to the operations of NAATI.

## 6.2 QUALIFICATIONS ASSESSMENT AND ADVISORY COMMITTEE

The Qualifications Assessment and Advisory committee met 5 times during the year as follows:

- 18 October 2003 in Sydney
- 15 December 2003 by teleconference
- 7 February 2004 in Sydney
- 22 May 2004 in Canberra
- 26 June 2004 in Sydney

The work of the QAAC during the year included the following:

- a) Course approvals
- b) Consideration of the workshop content for the Rural and Regional Project
- c) Issues relating to the proficiency in English of NAATI candidates
- d) Issues relating to the validation of tests
- e) Issues relating to the revalidation of accreditation
- f) The design and preparation of pilot tests using the new format
- g) Appeals by candidates

- h) The revision of the Manual for Course Approval
- i) The revision of the Examiners Manual
- j) Complex overseas assessments
- k) Facilitation of the Survey on Paraprofessional Interpreters
- l) Facilitation of the Conference for Course coordinators.

## 6.3 REGIONAL ADVISORY COMMITTEES

Throughout the year, the Regional advisory Committees made some significant contributions to NAATI operations. These include:

ACT: The RAC did not operate during 2003-2004

NSW: The RAC convened six meetings during the year. It focussed on:

- a) Identifying better representation of new and emerging languages
- b) Encouraging candidates to participate in training
- c) Encouraging interpreters in new and emerging languages to seek Recognition prior to accreditation
- d) Working with the college of Law to facilitate greater interaction
- e) Negotiating with the NSW Police Multicultural Services to encourage RAC involvement in training Community Liaison Officers and to provide more effective information on T & I
- f) Assisting the NSW NAATI manager to participate in Adult Learner's Week
- g) Investigating a possible award for performance in a NAATI test.

NT: The NT RAC convened two meetings during the year. It focussed on:

- a) Providing service providers, trainers and organizations with updated information about NAATI standards
- b) Working with the Northern Territory Interpreter and Translator Service in its symposium on interpreters and legal professionals working together

- c) Identifying a need to increase the awareness among local government and other organisations to encourage employees to obtain T & I training and accreditations
- d) Facilitating the distribution of NAATI information packages to the Charles Darwin University information shop.

QLD: The Queensland RAC convened six meetings during the year. It focussed on:

- a) Promoting and managing Queensland's Interpreter and Translator Awareness Day, including radio interviews involving accredited interpreters
- b) Maintaining contact with organisations to highlight perceived deficiencies in the provision of interpreter services
- c) Refining strategies necessary to promote the use of accredited T & Is to target groups.

SA: The South Australian RAC convened six meetings during the year. It focussed on:

- a) Liaising with the Justice Portfolio in relation to the severe shortage of accredited interpreters in indigenous languages
- b) Writing articles on interpreting for various publications
- c) Participating in SA Law Week through the presentation of a seminar *Working with Interpreters in the Justice System*.

TAS: The Tasmanian RAC convened three meetings during the year. It focussed on:

- a) Providing support for the reinstatement of the Diploma of Interpreting at the Hobart TAFE
- b) Identifying target groups for NAATI workshops to promote the use of accredited practitioners
- c) Identifying the need for private service agencies in Tasmania to operate more cooperatively with each other.

VIC: The Victorian RAC convened six meetings during the year. It focussed on:

- a) Providing feedback on the revalidation of accreditation proposal
- b) Working toward the publication of the papers presented at the Translator and Interpreter Awareness Day event in the previous financial year
- c) Advising NAATI concerning the proposed competency units as developed by the Public Service Education and Training Authority (PSETA)
- d) Advising NAATI about the closure of the Central Health Interpreter Service
- e) Expressing interest in the new test formats and feedback by examiners to candidates.

WA: The WA RAC convened three meetings during the year. It focussed on:

- a) Conducting a survey of T & I employers and clients of T & I services
- b) Seeking further information related to above through the Office of Multicultural Interests' Needs Analysis
- c) Considering the possibility of hosting a T & I Awareness Day event
- d) Advising NAATI of the need for an Examiner workshop in WA
- e) Advising NAATI concerning the revalidation of accreditation proposal
- f) Identifying the need for greater public awareness raising through targeting professionals who use T & I services – use of displays or promotion at conferences or special events
- g) Considering the benefits of a resource library of videos.

## 7 FINANCIAL OUTCOMES

For the 2003-2004 financial year, NAATI reports that it generated 88.9% of its budgeted revenue, falling short in the annual program testing, overseas testing and overseas qualifications assessment revenue. Total revenue was 0.4% less than the total revenue of the previous year. Of the revenue generated, 27.9% was derived from governments, 50.2% from testing and 21.9% from other services. On the expenditure side, NAATI spent 88.9% of its budget. Expenditure was marginally higher (5.3%) than in the previous year. The containment of expenditure to 88.9% of budget helped to overcome the small shortfall in revenue resulting in a surplus of \$462,014 for the year. This surplus is \$148,000 less than the surplus achieved in 2002-2003 but is the best financial outcome achieved apart from 2002-2003.

The surplus in 2003-2004 has resulted in NAATI having a cumulative retained surplus of \$1,641,692. Of this, NAATI needs to ensure ready access to at least \$750,000 (three months operational costs). Because of the surplus achieved in 2002-2003 and 2003-2004, the Board has not increased test fees for Australian citizens and permanent residents since 2002-2003. Part of the retained surplus is also used to meet some of the developmental costs of major projects and to meet some of the community needs that may be linked with government programs.

A significant contributor to NAATI's sound financial outcome has been the continuing demand for testing by persons seeking permanent residence in Australia. Should this demand diminish significantly, NAATI's financial position will be adversely affected.

The signing of the three year funding agreement with all governments has enabled NAATI to plan its longer term budget strategy with greater confidence.

The audited financial statements are presented at 8 of this report.

# 8 FINANCIAL STATEMENTS

NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2004

The NAATI Board of Directors present their report on the company for the financial year ended 30 June 2004.

### Board of Directors

The names of the Directors in office at any time during or since the end of the financial year and details of their qualifications are as follows:

<i>Name of Director</i>	<i>Qualifications</i>	<i>Shares in NAATI</i>	<i>Contracts with NAATI</i>
Mr David Wheen (Chair)	Management Consultant	N/A	Nil Appointed 16/10/2001
Ms Vicki Mitsos (Deputy Chair)	Manager & Administrator for Language Policy & Multiculturalism in regional & rural Australia	N/A	Nil Appointed 1/09/2002
Dr Maximilian Brandle	Applied Linguist Consultant on Multiculturalism	N/A	Nil Appointed 1/09/2002
Ms Susan Bures	Administrator Great Synagogue of Sydney	N/A	Nil Appointed 1/09/2002
Mr John Kiosoglous	Chair South Australian Multicultural and Ethnic Affairs Commission	N/A	Nil Appointed 30/8/2003

The directors are in office at the date of this report unless otherwise stated.

### Principal Activities

The principal activities of NAATI are 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.

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996**

**DIRECTORS' REPORT (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2004**

### **Operating Results**

The net operating surplus of NAATI for the financial year ended 30 June 2004 was \$462,014 (30 June 2003: surplus \$610,566).

### **Review of Operations**

The net operating profit for NAATI for the financial year ended 30 June 2004 was \$462,014. This is down \$148,000 on 2003. Test revenue has remained stable mainly due to on demand testing replacing more traditional test revenue. Other revenue is down \$32,000 due to falling workshop and publication income offset by improved interest income. Test expenditure is up \$32,000 mainly due to the cost of the on demand testing. Operating expenses are up \$102,000 but this is due to a mix of many factors. Employment costs are up \$102,000, rental costs are up \$28,000, some IT support is up \$38,000 and there were additional write-offs involving the old IT system of \$34,000. Offsetting these are savings in refurbishment costs \$28,000, AMS Upgrade costs \$76,000 and TIAD costs of \$21,000.

### **Dividends Paid or Proposed**

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

### **Significant Changes in the State of Affairs**

There were no significant changes in NAATI's state of affairs during the financial year except that the additional profits have been added to cash investments.

### **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 the company, the results of those operations, or the state of affairs of the company in future financial years.

### **Future Developments and Results**

The directors believe that there are no likely developments that will significantly adversely affect NAATI in the coming year.

### **Directors' Benefits**

No Director has received or become entitled to receive, during or since the end of 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 or the fixed salary of a full-time employee of NAATI, controlled entity or related body corporate.

NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996

DIRECTORS' REPORT (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2004

**Indemnifying Officers or Auditor**

NAATI has not during or since the financial year in respect of any person who is or has been a Director, employee or auditor of NAATI or a related body corporate:

- 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
- 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; with the exception of the following matters.

During the financial year NAATI has paid insurance premiums to insure each of the persons listed below against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of NAATI, other than conduct involving a wilful breach of duty in relation to NAATI.

Officers insured include:

Mr David Wheen  
Ms Vicki Mitsos  
Dr Maximilian Brandle

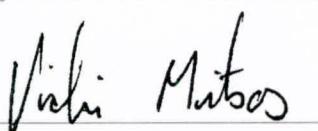
Ms Susan Bures  
Mr John Kiosoglous  
Ms S. Bell

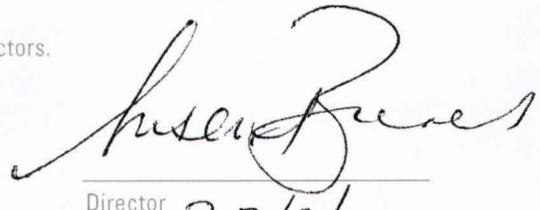
**Meetings of Directors**

During the financial year, seven meetings of the Board of Directors were held. Attendances were:

	No. of meetings eligible to attend	No. of meetings attended
Mr David Wheen	7	7
Ms Vicki Mitsos	7	6
Dr Maximilian Brandle	7	7
Ms Susan Bures	7	7
Mr John Kiosoglous (appointed 30/08/2003)	6	5

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

  
\_\_\_\_\_  
Director  
Date: 20 - 9 - 04

  
\_\_\_\_\_  
Director  
Date: 23/9/04

## 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 2004 as set out on pages 31 to 49. 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 whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 including compliance 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.

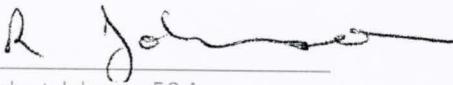
### Audit Opinion

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

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of NAATI's financial position as at 30 June 2004 and its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

HARDWICKE'S Chartered Accountants

Dated: 24/9/04  
Canberra

  
\_\_\_\_\_  
Robert Johnson, F.C.A.  
Partner

NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996

DIRECTORS' DECLARATION

The NAATI Board of Directors declares that:

1. the financial statements and notes, as set out on pages 35 to 44, are in accordance with the Corporations Act 2001:
  - i) comply with Accounting Standards and the Corporations Regulations 2001; and
  - ii) give a true and fair view of the financial position as at 30th June 2004 and of the performance for the year ended on that date of NAATI;
2. it is the opinion of the Board of Directors that 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:

Victor Matos  
Director  
Date: 20 - 9 - 04

Pauline Rees  
Director  
23/9/04

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)**  
A.B.N. 42 008 596 996

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2004**

2003		Note	2004
	\$		\$
3,173,600	Revenue from ordinary activities	3	3,160,243
(1,090,442)	Employee benefits expense		(1,192,788)
(45,649)	Depreciation expense		(56,190)
(1,426,943)	Other expenses from ordinary activities		(1,449,251)
<u>610,566</u>	Surplus from ordinary activities before income tax expense		<u>462,014</u>
<u>Nil</u>	Income tax expense relating to ordinary activities		<u>Nil</u>
<u>610,566</u>	Surplus from ordinary activities after related income tax expense		<u>462,014</u>
<u>610,56</u>	Total changes in equity other than those resulting from transactions with owners as owners		<u>462,014</u>

The accompanying notes form part of these financial statements.

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2004**

2003		Note	2004
	\$		\$
<b>CURRENT ASSETS</b>			
1,581,767		5	1,748,721
2,986		6	145,469
4,459		7	11,737
<u>1,589,212</u>			<u>1,905,927</u>
<b>NON-CURRENT ASSETS</b>			
146,873		8	310,506
<u>146,873</u>			<u>310,506</u>
<b>TOTAL ASSETS</b>			<b>2,216,433</b>
<b>CURRENT LIABILITIES</b>			
354,819		9	352,550
201,588		10	222,191
<u>556,407</u>			<u>574,741</u>
<b>TOTAL LIABILITIES</b>			<b>574,741</b>
<b>NET ASSETS</b>			<b>1,641,692</b>
<b>ACCUMULATED FUNDS</b>			
<u>1,179,678</u>		11	<u>1,641,692</u>

The accompanying notes form part of these financial statements.

NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2004

2003		Note	2004
	\$		\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
950,559	Government grants	18(b)	829,816
1,744,573	Test related revenue		1,687,390
740,015	Other revenue		680,970
49,003	Interest received		68,450
(581,907)	Testing expenditure		(599,590)
(2,186,725)	Operating expenditure		(2,225,484)
<u>715,518</u>	Net cash provided by operating activities	12(b)	<u>441,552</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>(56,969)</u>	Purchase of plant & equipment	8	<u>(274,598)</u>
<u>(56,969)</u>	Net cash used in investing activities		<u>(274,598)</u>
<u>658,549</u>	Net increase in cash held		<u>166,954</u>
923,218	Cash at the beginning of the financial year		1,581,767
<u>1,581,767</u>	Cash at the end of the financial year	12(a)	<u>1,748,721</u>

The accompanying notes form part of these financial statements.

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**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 Act 2001.

The financial report covers the individual entity of NAATI Limited. NAATI is a public company limited by guarantee, incorporated and domiciled in Australia.

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 values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by NAATI in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a) Cash**

For the purposes of the statement of cash flows, cash includes cash on hand, cash at bank and at call deposits with banks or financial institutions, net of bank overdrafts.

**b) Property, plant and equipment**

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

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Office equipment	10 – 40%
Furniture & fittings	7.5 – 20%
Technology upgrade	20 – 27%

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

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

**a) 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 and annual leave which will be settled after one year have been measured at their nominal amount. Consistent with the current NAATI Certified Agreement, all permanent full-time employees, permanent part-time employees, temporary employees and casual employees, who have sustained continuous employment with NAATI for a period of ten years are eligible for Long Service Leave of thirteen weeks. Employees become eligible for a further six and a half weeks of long service leave after another five years continuous employment.

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

**b) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the provision of services is recognised when the service has been provided to the customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of goods and services tax (GST).

**c) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown as inclusive of GST.

**(f) Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the end of the current financial year. The board are assessing the significance of these changes and preparing for their implementation. The board are of the opinion that the key difference in NAATI's accounting policies which will arise from the adoption of IFRS is:

**Impairment of Assets:**

The entity currently determines the recoverable amount of an asset on the basis of undiscounted cash flows that will be received from the assets use and subsequent disposal. In terms pending AASB 136 Impairment of Assets, the recoverable amount of an asset will be determined as the higher of the fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy.

NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004

2003	%		Note	%	2004
\$					\$

**NOTE 2 INCOME TAX**

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

**NOTE 3 REVENUE**

<i>Operating activities</i>					
861,280	27	Government funding	18(a)	28	883,800
1,589,042	50	Test-related revenue		50	1,585,288
674,042	21	Other services revenue		20	622,848
49,236	2	Interest received - other corporations		2	68,307
<u>3,173,600</u>	<u>100</u>	<b>TOTAL REVENUE</b>		<u>100</u>	<u>3,160,243</u>

**NOTE 4 SURPLUS FROM ORDINARY ACTIVITIES**

Surplus from ordinary activities has been determined after:

*Charging as expenses:*

7,190	Depreciation of furniture, plant and equipment	8,384
38,459	Depreciation of technology upgrade	47,806
<u>45,649</u>	<b>Total depreciation</b>	<u>56,190</u>
15,489	Provision for annual leave	6,145
5,335	Provision for long service leave	14,457
<u>20,444</u>	<b>Net loss on disposal of plant, equipment &amp; AMS</b>	<u>54,755</u>

**NOTE 5 CASH ASSETS**

886	Petty cash accounts	1,137
40,808	Operating accounts	39,172
<u>1,540,073</u>	<b>Investment accounts</b>	<u>1,708,412</u>
<u>1,581,767</u>		<u>1,748,721</u>

**NATIONAL ACCREDITATION AUTHORITY FOR  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

2003		2004
	\$	\$

**NOTE 6 RECEIVABLES**

	Current	
2,986	Trade debtors	145,469
<u>2,986</u>		<u>145,469</u>

**NOTE 7 OTHER ASSETS**

	Current	
1,287	Accrued income	1,144
3,172	Prepayments	10,593
<u>4,459</u>		<u>11,737</u>

**NOTE 8 PROPERTY, PLANT & EQUIPMENT**

	Office equipment - at cost	69,564
	Less: accumulated depreciation	(18,826)
<u>11,018</u>		<u>50,738</u>
	Furniture & fittings - at cost	21,372
	Less: accumulated depreciation	(5,131)
<u>13,645</u>		<u>16,241</u>
	Technology Upgrade - at cost	397,321
	Less: accumulated depreciation	(153,794)
<u>122,210</u>		<u>243,527</u>
<u>146,873</u>	Total property plant & equipment	<u>310,506</u>

***Movement in Carrying Amounts***

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year were as follows:

	Office Equipment	Furniture & Fittings	Technology Upgrade	Total
Balance at the beginning of the financial year	11,018	13,645	122,210	146,873
Additions	49,931	4,213	220,454	274,598
Disposals	(3,444)	–	(51,331)	(54,775)
Depreciation expense	(6,767)	(1,617)	(47,806)	(56,190)
Carrying amount at the end of the financial year	<u>50,738</u>	<u>16,241</u>	<u>243,527</u>	<u>310,506</u>

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

2003	2004
\$	\$

**NOTE 9 PAYABLES**

<b>Current</b>		
79,575	Trade creditors	127,291
41,099	Accrued charges	15,300
35,150	Test fees in advance	12,591
59,456	Practitioner Directory fees in advance	61,072
117,390	Grants in advance	120,325
22,149	GST liability	15,971
<u>354,819</u>		<u>352,550</u>

**NOTE 10 PROVISIONS**

<b>Current</b>		
89,638	Provision for annual leave	95,784
111,950	Provision for long service leave	126,407
<u>201,588</u>	<u>Aggregate employee entitlements liability</u>	<u>222,191</u>
21.4 (one position vacant)		
	Number of full time equivalent employees at year end	22

**NOTE 11 RETAINED SURPLUS**

569,112	Retained surplus at the beginning of the financial year	1,179,678
610,566	Net surplus	462,014
<u>1,179,678</u>	<u>Retained surplus at the end of the financial year</u>	<u>1,641,692</u>

NAATI shows an accumulated surplus of \$1,641,692. 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. As with prior years, NAATI's cash flow can be significantly affected by such factors as the timing of grant funding from the Commonwealth, State and Territory Governments, and the considerable up front costs that are incurred in delivering a test program, before any revenue is received. If no government funding is received and there is a delayed or unsuccessful test program NAATI has to maintain reasonable accumulated surpluses to assure operational stability. From a recent review of the investment policy, it has been identified that NAATI would ideally maintain reserves of at least three months trading to provide a level of security and an environment for efficient decision making.

**NATIONAL ACCREDITATION AUTHORITY FOR  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

2003	2004
\$	\$

**NOTE 12 CASH FLOW INFORMATION**

**a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statement of financial position as follows:

886	Petty cash accounts	1,137
40,808	Operating accounts	39,172
1,540,073	Investment accounts	1,708,412
<u>1,581,767</u>		<u>1,748,721</u>

**b) Reconciliation of cash flows from operations with operating surplus from ordinary activities after income tax**

610,566	Surplus after extraordinary items	462,014
	Non cash flows in surplus from ordinary activities	
7,190	Depreciation	8,384
38,459	Depreciation (technology upgrade)	47,806
20,444	Loss on disposal of fixed assets	54,775
	Changes in assets & liabilities	
1,354	(Increase)/decrease in debtors	(142,483)
(233)	(Increase)/decrease in accrued income	143
(3,172)	(Increase)/decrease in prepayments	(7,421)
20,824	Increase/(decrease) in employee entitlements	20,602
(41,114)	Increase/(decrease) in creditors	41,539
19,270	Increase/(decrease) in accrued charges	(25,799)
2,865	Increase/(decrease) in grants in advance	2,935
22,719	Increase/(decrease) in test fees in advance	(22,559)
<u>16,346</u>	Increase/(decrease) in directory fees in advance	<u>1,616</u>
<u>715,518</u>	Net cash provided by operating activities	<u>441,552</u>

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)  
A.B.N. 42 008 596 996**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

<b>2003</b>		<b>2004</b>
	\$	\$

**NOTE 13 AUDITORS' REMUNERATION**

Remuneration of the auditor for:

9,800	– auditing the financial report	9,800
12,191	– other services	8,690
<b><u>21,991</u></b>		<b><u>18,490</u></b>

**NOTE 14 RELATED PARTY DISCLOSURES**

a) The Directors of NAATI during the financial year were:

Mr David Wheen  
 Ms Vicki Mitsos  
 Dr Maximilian Brandle  
 Ms Susan Bures  
 Mr John Kiosoglous (appointed 30/08/2003)

b) Director's Remuneration

<b><u>40,205</u></b>	Income paid or payable to all Directors of NAATI by the company and any related parties	<b><u>34,216</u></b>
----------------------	--	----------------------

Number of Directors whose income from NAATI and  
any related parties was within the following bands:

8	\$0	\$9,999	4
1	\$10,000	–	1
–	\$20,000	–	–

**NOTE 15 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.

**NATIONAL ACCREDITATION AUTHORITY FOR  
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2004**

**NOTE 16 ECONOMIC DEPENDENCY**

A significant portion of NAATI's annual revenue is derived from Commonwealth, State and Territory Government funding. A new funding agreement with these funding bodies was negotiated covering the period 1 July 2003 through until 30 June 2006.

**NOTE 17 FINANCIAL INSTRUMENTS**

a) Interest rate risk

NAATI's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2004	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing			Non- interest Bearing	Total
			Within one year	1 to 5 years	Over 5 years		
Financial Assets			\$	\$	\$	\$	\$
Cash	4.85	1,409,043	338,541	—	—	1,137	1,748,721
Receivables		—	—	—	—	145,469	145,469
<b>Total Financial Assets</b>		<b>1,409,043</b>	<b>338,541</b>	<b>—</b>	<b>—</b>	<b>146,606</b>	<b>1,894,190</b>
Financial Liabilities							
Payables		—	—	—	—	352,550	352,550
<b>Total Financial Liabilities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>352,550</b>	<b>352,550</b>
2003	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing			Non- interest Bearing	Total
			Within one year	1 to 5 years	Over 5 years		
Financial Assets			\$	\$	\$	\$	\$
Cash	4.5	1,242,341	338,540	—	—	886	1,581,767
Receivables		—	—	—	—	2,986	2,986
<b>Total Financial Assets</b>		<b>1,242,341</b>	<b>338,540</b>	<b>—</b>	<b>—</b>	<b>3,872</b>	<b>1,584,753</b>
Financial Liabilities							
Payables		—	—	—	—	354,819	354,819
<b>Total Financial Liabilities</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>354,819</b>	<b>354,819</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 17 FINANCIAL INSTRUMENTS (CONT'D)**

**b) Credit risk**

Credit risk on the company's financial assets is the loss that would be recognised if the other parties failed to perform their contractual obligations. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

**c) Net fair values**

The carrying amount of the company's receivables, payables and bank accounts approximate their fair value. Receivables and payables are recognised at the amounts due and owed respectively.

The net fair values of listed investments have been valued at the quoted market bid price at balance date.

Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity or for the long term.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2003 \$		2004 \$
	Carrying Amount	Net Fair Value	Carrying Amount
<b>Financial Assets</b>			
Cash	1,748,721	1,748,721	1,581,767
Receivables	<u>145,469</u>	<u>145,469</u>	<u>2,986</u>
	<u>1,894,190</u>	<u>1,894,190</u>	<u>1,584,753</u>
<b>Financial Liabilities</b>			
Payables	<u>352,550</u>	<u>352,550</u>	<u>354,819</u>
	<u>352,550</u>	<u>352,550</u>	<u>354,819</u>

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**NOTE 18 GRANT FUNDING**

a) 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 had a stated position that there would be cost recoveries in future years because of the upgrade. On this basis a reduction in government funding until 2003/04 to recover their initial capital funding was in place. The amount of the reduction in 2004 was:

Commonwealth Government	\$32,375
Queensland Government	\$5,000

Full recovery was achieved by the end of 2003/04.

b) The Cash Flow Statement recognises transactions including GST on a cash received or paid basis. In prior years Victoria had paid the current years grant in June of the prior year. In the 2004 year the Victorian prepayment for 2005 was not received prior to 30 June 2004. For the dollar effect of this change see the quantum of annual grants listed by funding body on page 45 in the "Detailed Income and Expenditure Statement" under the "Government Funding" heading.

**NOTE 19 OVERSEAS TESTING**

Included in the test-related revenue and test-related expenditure is the financial information pertaining to the overseas testing program. Further information is available in relation to this area of NAATI's operations in a separate "Special Purpose Financial Report."

**NOTE 20 DISCLOSURE OF SALARY SACRIFICE SUPERANNUATION**

In 2003 superannuation salary sacrificed from staff packages totalling \$42,758 was grouped in superannuation expense. In 2004 it was decided that a more appropriate allocation was for the salary sacrifice superannuation to be included as salary to reflect the gross salary paid to staff.

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**DETAILED INCOME & EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004**

2003		Note	2004
\$			\$
<b>GOVERNMENT FUNDING</b>			
429,055	Commonwealth Government	18(a)	440,590
7,350	ACT Government		7,535
152,175	NSW Government		156,005
3,950	NT Government		4,050
65,250	QLD Government	18(a)	67,005
38,000	SA Government		38,975
12,300	TAS Government		12,610
114,525	VIC Government	18(b)	117,390
38,675	WA Government		39,640
<u>861,280</u>	Total Government Funding		<u>883,800</u>
<b>TEST-RELATED REVENUE</b>			
25,834	Cancellation fees		18,104
7,845	Language Aide		22,748
1,978	Paraprofessional – Translation		630
73,006	Interpreting		76,031
1,080	Review		518
265,295	T & I	– Translation	218,960
90,278		Interpreting	68,742
5,874		Review	7,993
2,140	AT/CI	– Translation	1,050
257,827	Overseas	– Translation	232,836
5,790		Interpreting	19
19,805	Application fees – overseas tests		7,830
93,045	Sale of overseas prospectus		19
142,982	On demand tests – resident		14,510
465,389	On demand tests – non-resident		174,210
115,853	Sale of sample tests		537,566
12,483	Viewing of tests		100,138
2,538	Other test related revenue		12,867
<u>1,589,042</u>	Total testing revenue		<u>1,585,288</u>

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**DETAILED INCOME & EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004**

2003		Note	2004
	\$		\$
<b>OTHER REVENUE</b>			
192,589	Application fees		188,869
2,971	Recognition fees		4,218
91,053	Education services – candidate workshops		70,994
13,819	Education services – delivery of special workshops		15,126
–	Special project (China)		25,100
32,247	Australian Course Accreditation – by course		27,584
8,713	Australian Course Accreditation – by institution		8,467
61,360	Practitioner Directory entry fee		57,143
3,530	Sale of Practitioner Directory		8,452
24,455	Overseas qualifications - Assessment fees – resident		26,110
57,232	Overseas qualifications - Assessment fees – non-resident		49,341
32,597	Sale of 'Ethics of the Profession'		27,187
5,397	Sale of 'Introduction to Interpreting'		4,028
4,300	Sale of other publications		1,978
4,385	Sale of 'Terms on the Go'		4,434
2,589	Sale of 'Working with Interpreters'		2,340
40,875	Sale of Certificates		38,248
20,548	Sale of ID Cards		17,519
11,822	Sale of NAATI News		10,380
10,561	Sale of RMIT publications		13,099
18,909	Sale of Translator Stamps		20,774
49,236	Interest		68,307
15,600	Sponsorship - VIC		–
6,500	Sponsorship - NSW		–
4,035	AUSIT/T&IAD VIC		–
5,209	AUSIT/T&IAD NSW		–
2,746	Other revenue		1,457
<u>723,278</u>	Total other revenue		<u>691,155</u>
<u>3,173,600</u>	<b>TOTAL REVENUE</b>		<u>3,160,243</u>

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**DETAILED INCOME & EXPENDITURE STATEMENT  
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2003		Note	2004
\$			\$
<b>TEST-RELATED EXPENDITURE</b>			
1,686	Language Aide – setting		—
3,282	Language Aide – oral marking		4,684
305	Language Aide – written marking		992
129	Language Aide – review & supervision		55
658	Paraprofessional – setting translation		741
8,260	Paraprofessional – setting interpreting		5,945
407	Paraprofessional – marking translation		102
16,263	Paraprofessional – marking interpreting		13,808
565	Paraprofessional – review of tests		635
6,747	T & I – setting translation		6,599
15,619	T & I – setting interpreting		9,225
93,679	T & I – marking translation		87,952
25,736	T & I – marking interpreting		28,468
2,650	T & I – review of tests		1,367
1,383	Supervision – Translation		1,704
(207)	Supervision – Interpreting		2,365
370	AT/CI – setting translation		—
705	AT/CI – marking translation		831
175,544	On Demand tests		206,951
4,801	Hire of test venues		4,768
53,970	Overseas administration costs	19	51,390
30,450	Overseas courier charges	19	27,570
15,278	Overseas marking – translation	19	34,517
1,698	Overseas marking – interpreter	19	1,146
200	Overseas Handbook printing	19	—
21,720	Overseas prospectus	19	17,283
5,316	Printing of tests		2,907
1,157	Purchase & erasure of tapes		1,122
6,609	Tape production – master		4,698
5,569	Tests material and postage		2,621
3,273	Readers for Interpreting tests		1,976
2,372	Sample tests – stock		10,310
1,631	Sample tests – development & typing		2,019
4,096	Examiner payments		4,885
12,700	Chairperson honorarium fees		9,750
—	Format development – pilot setting		5,050
182	Test related expenditure miscellaneous		2,045
524,803	Total testing expenditure		556,481

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**DETAILED INCOME & EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2004**

2003		Note	2004
	\$		\$
<b>OPERATING EXPENDITURE</b>			
44,760	Bank charges		42,611
21,991	Accounting & Audit fees	13	18,490
14,162	Insurance – contents & liability		19,511
1,290	Subscriptions		1,351
–	Research		3,300
12,884	Legal costs		2,845
6,746	Travelling expenses		7,216
56,520	Directors' remuneration & other costs	14	58,876
4,303	Insurance – directors & travel		3,382
30,473	Equipment – photocopier lease & charges		36,280
29,163	Education services		39,918
–	Special project (China)		11,955
11,194	QAAC sitting fees & other costs		13,523
5,367	Translator stamps		5,652
40,366	Office – general expenses		29,201
13,461	AUSIT/T&IAD VIC		–
8,403	AUSIT/T&IAD NSW		70
74,390	Postage/courier		78,235
11,307	Electricity		12,533
50,415	Telecommunications		53,241
160,214	Property – rental		188,513
11,833	Property – upkeep (including cleaning)		13,692
4,328	Equipment – repairs and maintenance		375
58,171	Refurbishment/relocation		6,366
5,050	Outgoings – Melbourne		5,085
2,982	Office security		2,289
73,782	AMS Upgrade		(3,555)
14,035	IT consumables		14,512
7,253	IT support/maintenance		29,904
533	IT licences & subscriptions		11,425
–	IT manuals & memberships		732
188	IT postage & courier		167
6,318	IT network connectivity & internet		7,902
34,000	IT lease agreement		34,341
–	Website design & maintenance		5,000
10,481	Communications – internet		12,032
2,586	Certified agreement costs		1,122
495	OH&S costs		1,375
10,945	Recruitment costs		23,878
8,281	Human Resource Development		6,224
–	RO Training conference		9,282
870,450	Salaries – permanent/contract	20	983,078
9,958	Salaries – casual		12,564

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**DETAILED INCOME & EXPENDITURE STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2004**

2003		Note	2004
	\$		\$
<b>OPERATING EXPENDITURE (CONT'D)</b>			
5,335			14,457
15,489			6,145
12,027			17,333
15,720			24,161
133,643		20	93,169
7,190			8,384
38,459			47,806
28,933			36,112
24,786			24,206
—			7,530
5,978			2,543
1,149			634
20,444			54,775
2,038,231			<u>2,141,748</u>
<u>2,563,034</u>			<u>2,698,229</u>
<u>610,566</u>			<u>462,014</u>
<b>TOTAL EXPENDITURE</b>			
<b>OPERATING SURPLUS AFTER EXTRAORDINARY ITEMS</b>			

## 9 APPENDICES

### 9.1 MEMBERS OF THE QUALIFICATIONS ASSESSMENT AND ADVISORY COMMITTEE: 2003 - 2004

Dr Emy Watt B.A., M.A. PhD	Chair Conference Interpreter, AIIC Member, T & I educator, knowledge of T & I courses at international locations; NAATI examiner.
Ms Anna Grassi B.A.	T & I Educator (curriculum); representative for paraprofessional courses in Australia.
Ms Amalia Milman Dip. Teaching, Assoc Dip Teaching	Practitioner at Advanced Translator and Interpreter levels, T & I educator, experience with service provision, NAATI examiner.
Dr Jemina Napier B.A., M.A., PhD	Educator, researcher, NAATI examiner, Practitioner (Auslan), Representative of courses at the professional and graduate level
Ms Helen Slatyer B.A., Dip TEFLA M.A. PhD (in progress)	Senior Researcher in the National Centre for English Language Teaching and Research, Macquarie University, special expertise in test validation
Mr Ari Pappas Grad. Dip in Health Sciences Management Dip T & I, Dip Welfare Studies	Manager of a key service provider agency, Education Liaison Officer and project manager for Schools Commission Program

9.2 MEMBERS OF THE REGIONAL ADVISORY COMMITTEES: 1 JULY 2003 TO 30 JUNE 2004

ACT:	Mr P Blackburn Ms C Crane Ms A Dolejsi + Ms A Milman Mr R Pintos-Lopez Ms G McKergow (RO) Ms K O'Sullivan Dr K Windle Mr D Wheen (NDir)Ex-Officio	Mr N Marovich Mr E Neophytou Ms L Pugh (Ap14/03/03) Ms G Skalban Ms M Slatter
NSW:	Mr A Aroustian Ms M Barany Ms Bures (NDir)Ex-Officio Mr M Doerfler * Ms A Grassi Ms A Groth Ms B McGilvray Mr A Raisbeck (RO) Ms Thida Yang	TAS: Ms L Andersch Mr G Duarte Mr T Edwards (Delg/Duarte) Mr S Robinson (Ap to chair 14/3/03) Ms T Sabine Det. C Waterhouse Ms S Wickham
NT:	Ms Lynda Cui (RO) Dr N Chadwick Dr P Chakravarti Ms T Ou + Ms A Quinn * Ms A Wait	VIC: * Ms S Akcelik Mr A Florez Ms S Leane Ms M Maggio De Leo Ms V Mitsos (NDir)Ex-Officio Mr U Ozolins Ms S Pavlovska Ms C Toffoli-Zupan (RO) Ms M Vasilakakas Mr B Turner (Delg/Vasilakakas) Mr M Zafiropoulos
QLD:	Dr M Brandle (NDir)Ex-Officio Mr Jim Duncan (RO) Ms B Houston Ms S Jordan Ms P Nugent * Ms M Spring Ms I Szymanska Mr A von Stein Ms J Stines	WA: * Mrs K Bastian Mr W Frick ( Ap14/3/03) Prof. I Malcolm Mrs H Murphy Mrs T Nicholls Ms R Perera Ms V van Loggerenberg (RO) (from 15/8/02)
SA:	* Ms C Appelkamp (RO) Mr Mario Armiento Mr M Ciezkowski Ms R Gillies Mr R Grympa	* denotes chairperson + denotes deputy chairperson

### 9.3 NAATI STANDARDS FOR INTERPRETING AND TRANSLATION

STANDARD	MEANING	RELATED TASKS
<b>Language Aide</b>  For Government Employees only to determine eligibility for language allowances	This is an elementary level of language use; it is NOT an interpreter/translator category. It is appropriate for persons who are required to use a <u>minimal knowledge of a language</u> for the purpose of <u>simple communications</u> .  It is the required level for the first range of the Community Language Allowance (formerly LAPA).	<ul style="list-style-type: none"> <li>counter work: answering general inquiries, usually in the language other than English</li> <li>assisting clients to complete a simple form in English</li> <li>assisting non-English speaking persons by giving instructions or directions in the language other than English (LOTE)</li> </ul>
<b>Paraprofessional Interpreter</b>	This represents a level of competence in interpreting for the purpose of general conversations, generally in the form of non-specialist dialogues.	<ul style="list-style-type: none"> <li>interpreting in general conversations</li> <li>interpreting in situations where specialised terminology or more sophisticated conceptual information is not required</li> <li>interpreting in situations where a depth of linguistic ability is not required</li> <li>translation of texts which do not contain technical or specialised information or terminology</li> <li>very simple translation work, where some level of inaccuracy is acceptable</li> </ul>
<b>Paraprofessional Translator</b>  From 1.1.95, awarded in a very limited range of languages	This represents a level of competence in translation for the purpose of producing a translated version of non-specialised information.	
<b>Interpreter</b>	<p>This represents the minimum level of competence for professional interpreting or translating. It may be regarded as the <b>Australian professional standard</b>.</p> <p><b>Interpreters</b> are capable of interpreting across a wide range of subjects involving dialogues at specialist consultations. They are also capable of interpreting presentations by the consecutive mode.</p>	<ul style="list-style-type: none"> <li>interpreting in both language directions for a wide range of subject areas usually involving specialist consultations with other professionals, eg. doctor/patient, solicitor/client, bank manager/client, court interpreting</li> <li>interpreting in situations where some depth of linguistic ability in <b>both</b> languages is necessary</li> </ul>

### 9.3 NAATI STANDARDS FOR INTERPRETING AND TRANSLATION (CONT'D)

STANDARD	MEANING	RELATED TASKS
Translator	<p><b>Translators</b> work across a wide range of subjects and require a sound conceptual understanding of the material being translated.</p> <p>They are qualified to translate into one language only or into both languages, depending upon their accreditation.</p>	<ul style="list-style-type: none"> <li>translation work may include routine correspondence, reports, standard text material in the general field of scholarship</li> <li>translation of non-specialised scientific, technical, legal, tourist and commercial subjects.</li> <li>translation work requiring a reasonable level of accuracy.</li> </ul>
Conference Interpreter	<p>This represents the advanced professional level and a level of competence sufficient to handle complex, technical and sophisticated interpreting and translation.</p> <p><b>Conference interpreters</b> practise both consecutive and simultaneous interpreting in diverse situations including at conferences, high level negotiations, and court proceedings. Conference interpreters operate at levels compatible with recognised international standards.</p>	<ul style="list-style-type: none"> <li>tasks involving international conferences, diplomatic missions, trade negotiations, and other high level negotiations.</li> <li>tasks involving complex court proceedings.</li> <li>interpreting in situations where a depth of linguistic ability in both language directions is required.</li> </ul>
Advanced Translator	<p><b>Advanced Translators</b> handle complex, technical and sophisticated material, compatible with recognised international standards.</p> <p>They may choose to specialise in certain areas, usually into one language only, that being their first language.</p>	<ul style="list-style-type: none"> <li>tasks involving accurate translation of complex, technical and sophisticated material</li> <li>translations of specialist material for specialists eg. international conference papers, scientific papers in journals, legal documents, diplomatic agreements, etc</li> <li>acting as revisors of work done by other translators.</li> </ul>

### 9.3 NAATI STANDARDS FOR INTERPRETING AND TRANSLATION (CONT'D)

STANDARD	MEANING	RELATED TASKS
Conference Interpreter (Senior)	<p>This is the highest level of NAATI accreditation and reflects both competence and experience. It represents an <b>international standard</b> together with demonstrated extensive experience and leadership.</p>	<ul style="list-style-type: none"> <li>Interpreting tasks as for Conference Interpreters</li> <li>tasks involving the organisation of international conferences</li> <li>providing advice for interpreting services within and outside Australia</li> </ul>
Advanced Translator (Senior)		<ul style="list-style-type: none"> <li>Translation tasks as for Advanced Translators</li> <li>Tasks involving the management of translations of papers for international conferences</li> <li>providing advice for translation services within and outside Australia</li> </ul>

