

ANNUAL REPORT 2006 -2007 NATIONAL ACCREDITATION AUTHORITY FOR TRANSLATORS AND INTERPRETERS LTD



National Accreditation Authority for Translators and Interpreters Ltd

The Key to Language Diversity

The National Accreditation Authority for Translators and Interpreters Ltd (NAATI):

- sets the standards for translating and interpreting in Australia, and
- accredits translators and interpreters against those standards.

Accreditation can be obtained by:

- successfully completing a NAATI accreditation test
- completing an Australian NAATI-approved course at the standard required by NAATI, or
- NAATI recognition of a qualification obtained overseas.

In support of its core objective of maintaining a high quality national accreditation system, NAATI engages in raising awareness of the use of accredited translators and interpreters, conducts research to validate and improve its processes, works with the profession on related matters, oversees a revalidation system for accreditations and provides advisory and consultancy services in relation to accreditation, translating and interpreting.

NAATI is a company owned jointly by the Commonwealth, state and territory governments. It is incorporated in Australia under the *Corporations Act 2001* and governed by a board of directors who are appointed by the owners.

The national office is in Canberra and there are offices in each state and territory.

2006-2007



NATIONAL ACCREDITATION AUTHORITY FOR TRANSLATORS AND INTERPRETERS LTD

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National Accreditation Authority for Translators and Interpreters Ltd

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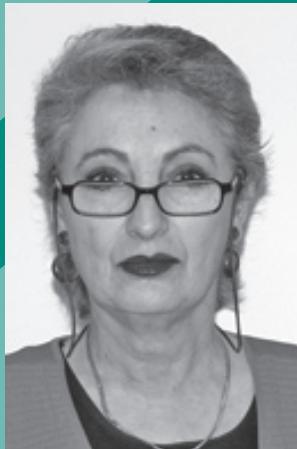
28th Annual Report (Financial Year 2006-2007)

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NAATI ANNUAL REPORT 2006-2007

FROM THE CHAIR OF THE BOARD



I am pleased to present NAATI's Annual Report on behalf of the NAATI board of directors.

As detailed in the report, this has been a very productive year for NAATI with NAATI again successfully fulfilling the requirements of its members and exceeding many performance targets significantly. Performance highlights include a total of 2036 new accreditations, implementation of a pilot program for new and emerging languages, extension of testing facilities to more regional areas, more Australian tertiary institutions approved to deliver NAATI programs, development of an on-line ethics test-preparation program, implementing a variety of testing process improvements including some important recommendations of the Cook report and production of an array of new test materials. NAATI also worked closely with the profession to develop a formalised system for professional development.

This year was also the 30th anniversary of NAATI's establishment and the board commenced a series of celebrations and reflections across the nation to mark this significant milestone and to acknowledge the contributions of so many in the profession and the community to the work of NAATI over the years. Highly successful celebrations were held in the ACT, WA, NSW and SA. The program of celebrations will continue into the coming period and I am confident that many opportunities for continuing development of NAATI will stem from these interactions.

This period also saw the retirement of long-standing CEO Sherrill Bell and a great deal of involvement of the board in recruiting a replacement for this critical role. I wish to express NAATI's sincere appreciation of Sherrill's contributions to NAATI over many years, often in challenging circumstances and, on behalf of my fellow directors and the wider NAATI community, wish her well for the future.

As always, NAATI has operated in a complex environment and I would like to acknowledge the contributions and commitment of all in the NAATI community in making this a successful year including:

- the members of NAATI and their dedicated representatives who provide guidance and support to the board
- My fellow board members who work tirelessly to promote NAATI's aims
- the members of the Regional Advisory Committees who keep NAATI in touch with the sector and the wider community across Australia
- the members of the Qualifications and Assessment Advisory Committee who provide invaluable expert professional and academic advice to the board
- hundreds of dedicated and professional examiners who are the backbone of the accreditation system
- the professional bodies, particularly AUSIT and ASLIA, who have worked closely with NAATI in the interests of standards and the profession
- individual practitioners who contribute to NAATI's work in many ways, and
- NAATI's enthusiastic and dedicated staff who manage and improve NAATI's systems nationally and provide service to NAATI's clients throughout all of the states and territories.

The outlook for the coming period is discussed elsewhere in this report. I look forward to working with all of you in what promises to be another challenging and productive year.

Susan Bures AM
Chair
NAATI Board of Directors

FROM THE CHIEF EXECUTIVE OFFICER



This is the first Annual Report from NAATI with which I have been associated. My predecessor Ms Sherrill Bell was Chief Executive Officer of NAATI for the period and the results reported here reflect her work rather than mine.

I would like to acknowledge Sherrill's executive leadership during the reporting period and, in particular, to thank her for the support she gave NAATI in preparing to recruit a replacement and hand over smoothly to her successor. In my brief time with NAATI I have come to know the enthusiastic and capable team of staff who supported Sherrill and I wish to thank them for their efforts in delivering NAATI's considerable achievements during the reporting period.

I would also like to take this opportunity to thank the members' representatives, the directors and the many stakeholders of NAATI who have welcomed me so warmly to this role.

NAATI has a promising outlook but there are considerable challenges ahead and I look forward to working with the board, the profession, our committees and the staff in meeting those challenges in the coming year.

Dr Lindsay Heywood
Chief Executive Officer
NAATI



Ms Sherrill Bell
Chief Executive Officer
NAATI 1989-2007

MEMBERS AND DIRECTORS



MEMBERS AND THEIR REPRESENTATIVES

The members of the company are the (9) ministers who are responsible for multicultural and/or ethnic affairs in the Commonwealth and state and territory governments. Members may appoint a representative to exercise any of their powers in relation to the company and all have done so.

As at 30 June, 2007 the members of the company and their representatives were:

| Jurisdiction | Member | Title | Representative | Title |
|--------------|--|---|--|---|
| Commonwealth | Hon Kevin Andrews MP assisted by Hon Teresa Gambaro MP | Minister for Immigration & Citizenship Parliamentary Secretary to Minister for Immigration & Citizenship | Mr Peter Vardos PSM | First Assistant Secretary DIAC |
| ACT | Minister John Hargreaves MLA | Minister for Territory & Municipal Services, Minister for Housing, Minister for Multicultural Affairs | Mr Nic Manikis | Director – Office of Multicultural Affairs & Community Development |
| NSW | Hon Morris Iemma | Premier & Minister for Citizenship | Dr Stepan Kerkyasharian AM | Chairman – Community Relations Commission for a Multicultural NSW |
| NT | Hon Delia Lawrie MLA | Minister for Multicultural Affairs, Northern Territory Government | Mr Jim Laouris | Acting Manager Office of Ethnic Affairs |
| QLD | Hon Lindy Nelson-Carr | Minister for Communities, Disability Services, Aboriginal and Torres Strait Islander Partnerships, Multicultural Affairs, Seniors and Youth | Mr Steve Maguire | Executive Director – Multicultural Affairs Queensland |
| SA | Hon Michael J Atkinson MP | Attorney General and Minister for Multicultural Affairs | Mr Simon Forrest | Director – Multicultural SA |
| TAS | Hon Michelle O'Byrne | Minister for Community Development | Ms Ann Herbert (from November 2006) Acting Manager, Multicultural Tasmania | Acting Manager – Multicultural Tasmania |
| VIC | Mr Daniel Andrews MP | Minister Assisting the Premier on Multicultural Affairs | Ms Barbara Mountjouris | Acting Director Victorian Office of Multicultural Affairs |
| WA | Hon Ljiljanna Ravlich | Minister for Local Government; Racing and Gaming; Multicultural Interests and Citizenship; Government Enterprises; Minister Assisting the Minister for Planning & Infrastructure; Goldfields Esperance; Youth | Mr Ellis Griffiths (from Sept 2006) | Acting Executive Director – Office of Multicultural Interests (OMI) |

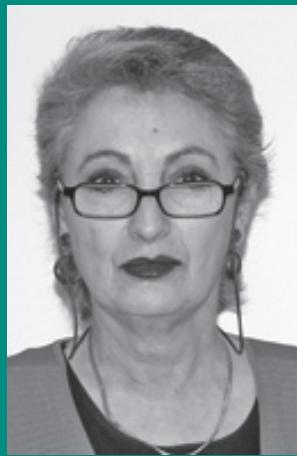
THE NAATI BOARD OF DIRECTORS



Dr Maximilian Brandle



Abeselom Nega



Susan Bures



Vicki Mitsos



John Kiosoglou

Ms Susan Bures AM (Chair)

Susan Bures is the Administrator of The Great Synagogue, Sydney. Currently a Director of NAATI, she is also secretary of the Waverley Action for Youth Services (a Sydney youth centre). Trained as a historian, she spent many years as a newspaper editor. She is a former deputy chair of the (then) NSW Ethnic Affairs Commission, former chair of the NSW Arts Advisory Council, board member of Carnivale and former councillor to the NSW Geographical Names Board. She was a member of the Olympic Co-ordinating Authority Names Committee and the Ethnic Schools Board. She has several times been a judge for the NSW Premier's literary and history awards and was a contributor to *The Making of a Multicultural Australia*, which recorded Australian public policy on multiculturalism.

Ms Vicki Mitsos (Deputy Chair)

Vicki Mitsos is currently the manager of the Multicultural Education Centre at Goulburn Ovens Institute of TAFE. In this role she has initiated many worthwhile projects for which she is recognised. Many are now being replicated in other areas of Victoria. Vicki was appointed by Minister Lynn Kosky to the Adult Community and Further Education (ACFE) Board, as the first regional Victorian member.

In addition to her position as Centre Manager for the Multicultural Education Centre Goulburn Ovens Institute of TAFE, she is a council member of the Goulburn Ovens Murray Regional Council of Adult, Community and Further Education, President of the Shepparton and District Ethnic Council and a Commissioner for the Victorian Multicultural Commission. She has the distinction of being inducted to the Centenary of Federation 2001 Women Shaping the Nation Honour Roll, the Business Professionals Women of the Year, the North Eastern Woman of the Year and has been presented with the Hellenic Distinction for Victoria and the Centenary Medal for contributions to migrant education in country and regional areas.

Dr Maximilian Brandle OAM MA PhD

Dr Brandle was born in Switzerland and came to Australia in December 1959. He completed two research degrees at the University of Queensland and became the Director of the University's Institute of Modern Languages (IML) from 1970.

Dr Brandle retired from the University of Queensland as Associate Professor holding the joint academic position of Director, IML and Deputy Director of the Centre for Language Teaching and Research (CLTR) (postgraduate studies in applied linguistics). He is currently a Visiting Fellow, School of Languages and Linguistics, Griffith University; a board member on the Australian Council for Europe (Qld) and Vice-President of the Ethnic Communities' Council of Queensland. He has written/edited 12 books and has received several awards including an Australian Centenary Medal and a Queensland Migrant Service Award.

Mr John Kiosoglous MBE KSA AE SM

Mr Kiosoglous is the former Chairman of the South Australian Multicultural and Ethnic Affairs Commission and formerly a senior member of the Commonwealth Administrative Appeals Tribunal. His association with NAATI extends over 14 years, during which he served on several boards as a Director and as Chairman from 1992-95. Mr Kiosoglous, a recipient of several honorary awards and medals, has extensive experience in the multicultural area having served as the Deputy Chairman of the South Australian Multicultural and Ethnic Affairs Commission, Chairman of the Ethnic Schools Board of South Australia, member of the Executive Board of the University of Adelaide Heritage Foundation, executive member of the Greek Orthodox Archdiocese and Church of Australia, Honorary Chairman of the Council of the Greek Orthodox Communities and Parishes of South Australia, Deputy-Chairman of St Basil's Greek Orthodox Homes for the Aged and chairman of the Australian Hellenic Museum (SA). He is also currently

an Auxiliary Stipendiary Magistrate, member of the board of Alzheimers Australia (South Australia) and chairman of the Committee of the International Conference on Greek Research (Flinders University South Australia).

Mr Abeselom Nega

Mr Nega was the General Manager, Adult Multicultural Education Services Employment for several years until the end of 2006 and has served as board member of the National Employment Services Association (NESA).

He is the Chairperson of the Federation of African Communities Council, and a member of the Australian Partnership of Ethnic and Religious Organisations. He has served as a member of several boards and advisory committees over many years.

Mr Nega is an Associate Fellow of the Australian Institute of Management, a Chartered Member of the Australian Human Resources Institute and Australian Institute of Project Management.

Currently, Mr Nega is serving as a member of a national steering committee for Australian Human Rights and Equal Opportunity Commission and a board member of the Cabramatta Community Centre. He is the Chief Executive Officer of iEmpower Pty Ltd a private consultancy and training services (RTO) company that operates in Sydney and Melbourne.

THE YEAR IN REVIEW



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ACCREDITATION

The financial year 2006/07 was a year of strong productivity and significant change for NAATI in the accreditation area.

The highlights included:

- **The design, planning and introduction of the revalidation system**
The revalidation system was implemented from 1 January 2007 onwards. Significant consultations were undertaken across Australia with professional bodies and many stakeholders prior to the introduction of the system. The new system required re-engineering of established work processes across several aspects of NAATI's accreditation systems. Consultation with the profession continues to address emerging issues with implementation of revalidation.
- **Independent marking of all translator tests introduced**
After completing a pilot of independent marking there was a smooth introduction of the independent marking system across all languages with a consequent increase in quality assurance consistent with the improvement recommendations of the recent (Cook) review of NAATI's practices.
- **Introduction of new Sample Translator Tests**
This represented a major step forward in the test preparation products available to assist candidates. For the first time example translations and sample answers are now included. The companion *Sample Translator Test Handbook* was also updated, based on feedback from candidates' experiences.
- **Completed negotiations for a new overseas test invigilation contract**
This restructured the fees payable and included improvements to the process for the dispatch of test materials, which will result in a better service to candidates across many locations.
- **Test format review completed**
The new Interpreter test format was approved for use in testing and planning commenced for its introduction with new sample interpreter test materials in the coming year.

Special Projects

- Phase 2 of Rater-Reliability Study and the Linguistic Standards in English and Language Other than English Review commissioned.

Outlook for the future

After a period of significant change the outlook is one of consolidation and further challenges including:

- review, further refinement and implementation of the revalidation system in consultation with the profession
- review of new technology and how it may impact on accreditation by testing
- introduction of testing for more African languages
- update of sample interpreter test materials to reflect the changes to the test format and to include materials to better enable candidates to prepare for testing
- exploration of the feasibility of other improvement recommendations from the Cook report and other studies.

STATES/TERRITORIES

The state and territory offices of NAATI continued to provide regional access to NAATI's services throughout the year, as well as supporting a variety of significant initiatives undertaken by their Regional Advisory Committees (RACs).

The major activities of the state/territory offices are in offering accreditation testing (both annual program and special-on-demand), providing preparatory workshops for candidates, distribution of test-related products, offering advice to candidates and building relationships with the T&I profession and related stakeholders in the region.

A successful national pilot to enhance interpreting in emerging languages was also implemented across the major metropolitan areas and in some regional locations. Many improvements to client services were implemented by the regional offices as part of NAATI's overall commitment to improved products and services.

An indicative selection from many highlights of regional activity follows.



AUSTRALIAN CAPITAL TERRITORY

- The first ACT Professional Ethics workshop was delivered in September 2006. It was received enthusiastically and will pave the way for future events according to demand in and around Canberra
- The initiative of the ACT RAC to create a register of prospective volunteer emergency interpreters in the ACT and the nearby regions was launched with a survey of interest among the regional practitioners
- The ACT RAC Convenor assumed a functional role in emergency response planning and preparation (language services) in the local NSW (Lake George Area) disaster response organisation
- The ACT office continued to coordinate and support testing and related services in New Zealand.

NEW SOUTH WALES

- Extension of regional testing to Coffs Harbour and Newcastle offering better access to NAATI's services for regional clients
- The development, launch and implementation of a new NAATI online course 'Introduction to Interpreting'
- Facilitation of focus groups for NAATI's Rater Reliability study
- Representing NAATI at the 'Critical Link' conference held in Parramatta
- Delivery of six 'Working with Interpreters' workshops for Department of Community Services to their non-government organisation staff in metropolitan and rural areas
- Development of *Behaving Ethically*, another new online course for test preparation and professional development in ethics
- Contributing to a forum to develop a professional development record system for revalidation that could be agreed with AUSIT and ASLIA.

NORTHERN TERRITORY

- A NAATI Board meeting was held in Darwin in August 2006, which included consultations with regional stakeholders on Indigenous language services and other matters
- Three professional development workshops were provided for regional practitioners covering 'Health Interpreting' and 'Legal Terminology'
- A well-received initiative to strengthen awareness of NAATI in the region by distributing information packs to associated institutions and government agencies
- Representing NAATI at the Honourable Delia Lawrie's Harmony Day celebration at Parliament House
- Working with regional stakeholders to implement the emerging language project in the Northern Territory
- Planning for the 30th anniversary celebration in the Northern Territory with the RAC.

QUEENSLAND

- Introducing the first language-specific translation skills workshop for Chinese candidates in Queensland.
- Working with the RAC to plan the inaugural Queensland T&I Industry Forum
- Working with the RAC to plan and finalise preparations for the NAATI 30th Anniversary Celebrations
- Representing NAATI at the Queensland International Students Expo
- Conducting a Metropolitan Emerging Languages Project in Brisbane
- Representing NAATI at the Queensland Multicultural Festival, which was attended by 45,000 people
- Working with stakeholders to establish compulsory checking of NAATI interpreter ID cards for any interpreter presenting for an assignment at a hospital in Queensland
- Extension of testing services to key regional centres

- Working closely with the RAC, service providers and Queensland Health in support of the new Queensland Health Interpreter Service.

SOUTH AUSTRALIA

- The 30th anniversary of NAATI was celebrated on 22 June 2007 at a reception at Parliament House Adelaide, hosted by the Hon Michael Atkinson MP, Attorney-General and Minister for Multicultural Affairs
- Presentation of a paper entitled 'New and Emerging Languages: The Challenges for NAATI' as part of a conference organised by the Migrant Resource Centre, 'When Do I Stop Being a Refugee?'
- Workshops to assist candidates to work as interpreters in new and emerging languages as part of the NAATI national project
- Representing NAATI at DIMA Expo during SA Refugee Week.

TASMANIA

- Introduction of the inaugural Tasmanian State newsletter as a local promotional tool
- Specialised interpreting workshops for nursing aides
- Continuation of mock testing as an aid to test preparation
- A successful emerging language project held in Hobart
- Working with the RAC to plan the Tasmanian 30th anniversary celebration
- Promotion of awareness of NAATI through extension of visits to external stakeholders for information/outreach talks
- Contributions to the design and development of the national revalidation system.

VICTORIA

- 'Working with Interpreters' training delivered both locally and in the ACT (with DIAC & Commonwealth Ombudsman)
- Testing sites were extended to regional areas in Shepparton, Mildura, Swan Hill and

- Warrnambool to provide better access for rural and regional clients
- Participation in Victorian Settlement Planning Committee (VSPC): Language Services Working Group which presented a position paper to the VSPC on access to appropriate language services for the successful resettlement of immigrant communities and humanitarian arrivals
- Participation in the ASLIA Excellence Awards Organising Committee to publicly recognise the important contributions made by Auslan interpreters, interpreting agencies and employers to improve communication access for Deaf people and the wider community
- Participation in the Bilingual Workers Open Forum and Roundtable Discussion – to produce a research report to investigate the recruitment and employment of bilingual workers in Victorian Government departments and funded agencies
- Participation at Adult Learners Week Expo - an opportunity for organisations that offer any form of adult learning activity to present a special promotional activity
- Participation in focus discussion group-T&I Services in Law Enforcement to identify the major issues surrounding the use of T&I services by Commonwealth and state law enforcement agencies and to produce a clear set of achievable outcomes for a National Forum
- RAC delivered a Translators and Interpreters Awareness Day (TIAD) titled 'Health Interpreting-Where to from here?' – to provide perspectives on the concepts of best practice, duty of care and quality assurance in interpreting in diverse health settings
- 'Need an Interpreter' brochure launched at TIAD - intended as an easy guide to understanding the need to, and benefits of, engaging the services of NAATI-accredited

interpreters, the interpreter's role and different options for locating and booking interpreters.

WESTERN AUSTRALIA

- A successful NAATI 30th anniversary celebration held in Perth
- Moving the WA office to new premises to offer better services to clients
- Promotion of NAATI and T&I through participation in the local Harmony Week Multicultural Festival
- Presentation of an award sponsored by NAATI at the ASLIA Awards ceremony.
- Professional development workshops for practitioners in 'Health Interpreting', 'Legal Interpreting' and 'Small Business & Taxation'
- The introduction of mock testing to assist with test preparation
- Thirteen participants completed the Metropolitan Emerging Languages Program, most of whom have gone on to work in the T&I industry with Recognition or PPI accreditation
- Extension of NAATI's awareness-raising/outreach program to more stakeholders.

This financial year brought varied challenges for the corporate administration and finance areas of NAATI.

Amongst these was locating appropriate new premises for the NAATI national and ACT offices to:

- replace deteriorating and unsuitable premises in Hawker, ACT
- accommodate additional infrastructure recommended by the Cook report, and
- provide sufficient administrative capacity for the ever increasing number of accredited practitioners.

Suitable premises were eventually obtained in Deakin. Construction and fit-out are planned to be completed by December 2007.

A plan to replace NAATI's desktop computers and associated equipment at the end of their lease in July 2007 was also developed, with a view to enhancing NAATI's information management capability.

System for Accreditation Management (SAM) database

The introduction of revalidation in January 2007, enabling practitioners to 'opt in' to the new system, along with independent marking of accreditation tests, brought about the need for extensive enhancements to SAM. Both of these were significant changes, which were designed, tested and implemented progressively throughout the period. There were also modifications to give greater functionality to meet growing business needs.

Online Directory of Accredited and Recognised Translators and Interpreters

The online Directory of Accredited and Recognised Translators and Interpreters has been enhanced to allow for more complex searches where the second language is not assumed to be English. The enhancement came as a result of requests for this type of search from users of the online directory. The directory listed 5507 accreditations at 30 June, 2007.

The year also brought a number of staff changes, including the announcement of the retirement of the Chief Executive Officer.

Outlook for the future

The coming year promises a number of new challenges including:

- design and fit-out of the new Canberra premises
- relocation of NAATI to the new premises and addition of resources
- further enhancements to the SAM database system
- continuing review of the organisation's functions and capabilities.

BUSINESS PERFORMANCE

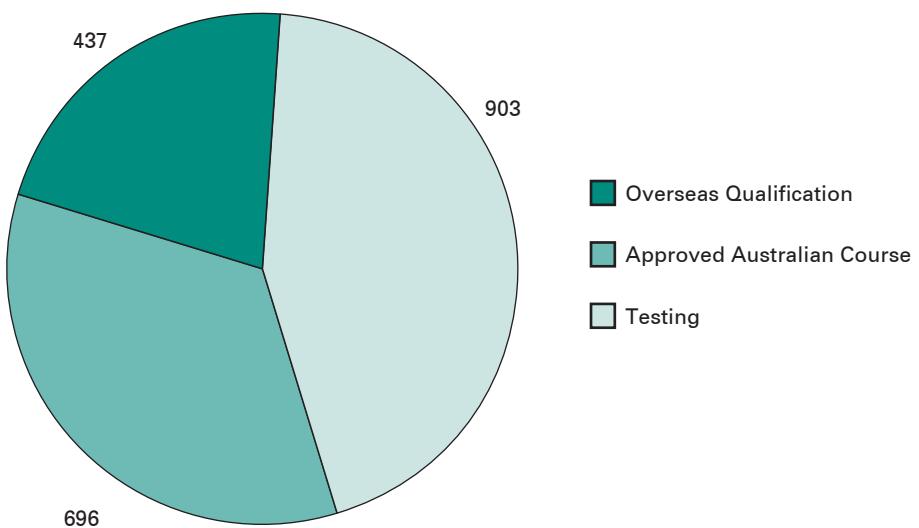
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During the year, NAATI achieved the following in terms of service delivery:

Accreditation

- Awarded a total of 2036 accreditations
- 903 accreditations were awarded as a result of tests.
- Assessment of 483 overseas qualifications leading to 437 accreditations
- Assessment of approved Australian course graduate applications leading to 696 accreditations



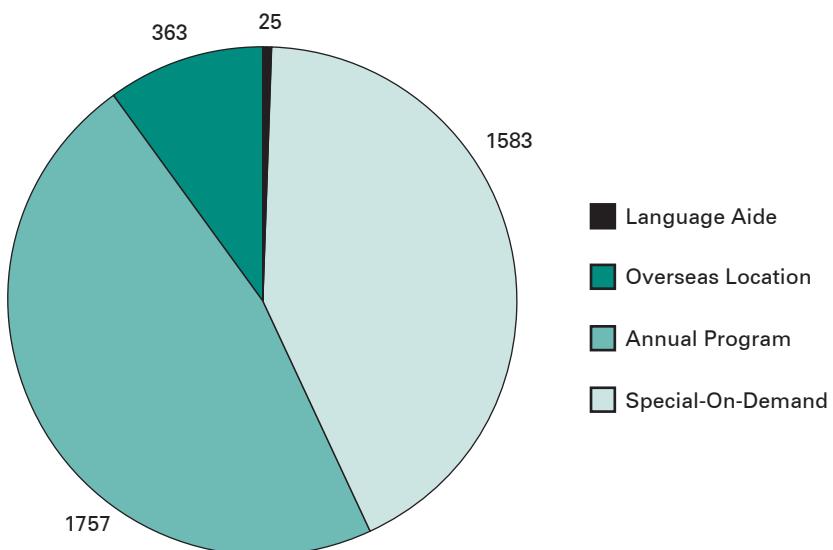
- Awarded 5 Conference Interpreter, 4 Advanced Translator, 4 Conference Interpreter (senior) and 2 Advanced Translator (senior) accreditations.

Other credentials awarded:

- Assessment of Recognition applications leading to 76 recognitions being awarded across 24 languages
- Awarding of 22 Language Aide credentials.

Testing

- A total of 3728 tests were sat.



- Delivery of tests in 8 metropolitan locations and ten regional centres in Australia.

Test Preparation Activities

- Delivery of 142 workshops to assist candidates to prepare for accreditation testing
- Completion and release of the new Professional Translator sample tests
- Development and release of second on-line course 'Behaving Ethically'.

Examiner Activities

- Independent marking introduced across all languages for Professional Translator tests
- Maintenance of the Examiners' Quarterly Newsletter to facilitate communications and promote consistency
- Delivery of 10 examiner training workshops and 6 familiarisation training programs for newly appointed examiners in 4 capital cities.
- Review of the Examiner's Manual commenced.

Activities Associated with NAATI-Approved Courses

- Approval of 5 new tertiary courses; re-approval of 17 courses and approval of 2 additional languages for an existing approved course
- Participation in the Steering Committee for the development of T & I competency units for courses within the VET sector
- Working with existing and newly approved courses to ensure exit standards of graduates meet NAATI's requirements.

Research and Development

- Commissioning of Phase 2 of the external Rater-Reliability Study
- Implementation of a marketing consultancy
- Implementation of the Linguistic Standards in English and Language other than English Review.

Industry/Community Activities

- Delivery of 85 workshops to enhance community and employer understanding of the NAATI accreditation system and the benefits of using accredited practitioners
- Production of the annual edition of the National Directory of Accredited and Recognised Practitioners of Translation and Interpreting, made freely available on the NAATI web site and by purchase in CD Rom format
- Continuation of training and testing in rural and regional areas and for emerging languages.

This period was the first year of NAATI's current three-year funding agreement with its funding partners.

The year saw a decrease in total revenue of 5% (\$184,387) and an increase in expenses of 14% (\$481,967). Government revenue represented 27.9% of total income, a rise from 26.1% in the previous period.

The net result for the period was an operating loss of \$359,666, which was funded from accumulated reserves. This operating result represents a turn around of \$665,000 from an operating surplus of \$306,888 in the previous year. The net cash flow from operating activities for the current period remained positive at \$123,197.

The operating deficit reflects in part a downturn in applicants for testing (~15%) in general and a reduced uptake of special-on-demand tests in particular, resulting in a decline in test-related revenue from \$1,623,854 in the previous period to \$1,547,789 in the current period. While these changes in testing were not distinguishable from historical variations in testing over the past five years, the board will be monitoring the trend closely in the coming period.

The board also agreed to fund some additional activities from reserves for which additional funding was not provided by the funding parties:

- the implementation of an independent marking system for translation testing (as recommended by the Cook report), and
- development of the architecture of a revalidation system in consultation with the sector as requested by the members' representatives.

ABOUT NAATI



4

NAATI AND THE COMPANY

NAATI is a registered business name of the National Accreditation Authority for Translators and Interpreters Limited, a company limited by guarantee incorporated in Australia under the *Corporations Act 2001*. The company is owned jointly by the Commonwealth, state and territory governments.

Mission

The mission of NAATI 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.

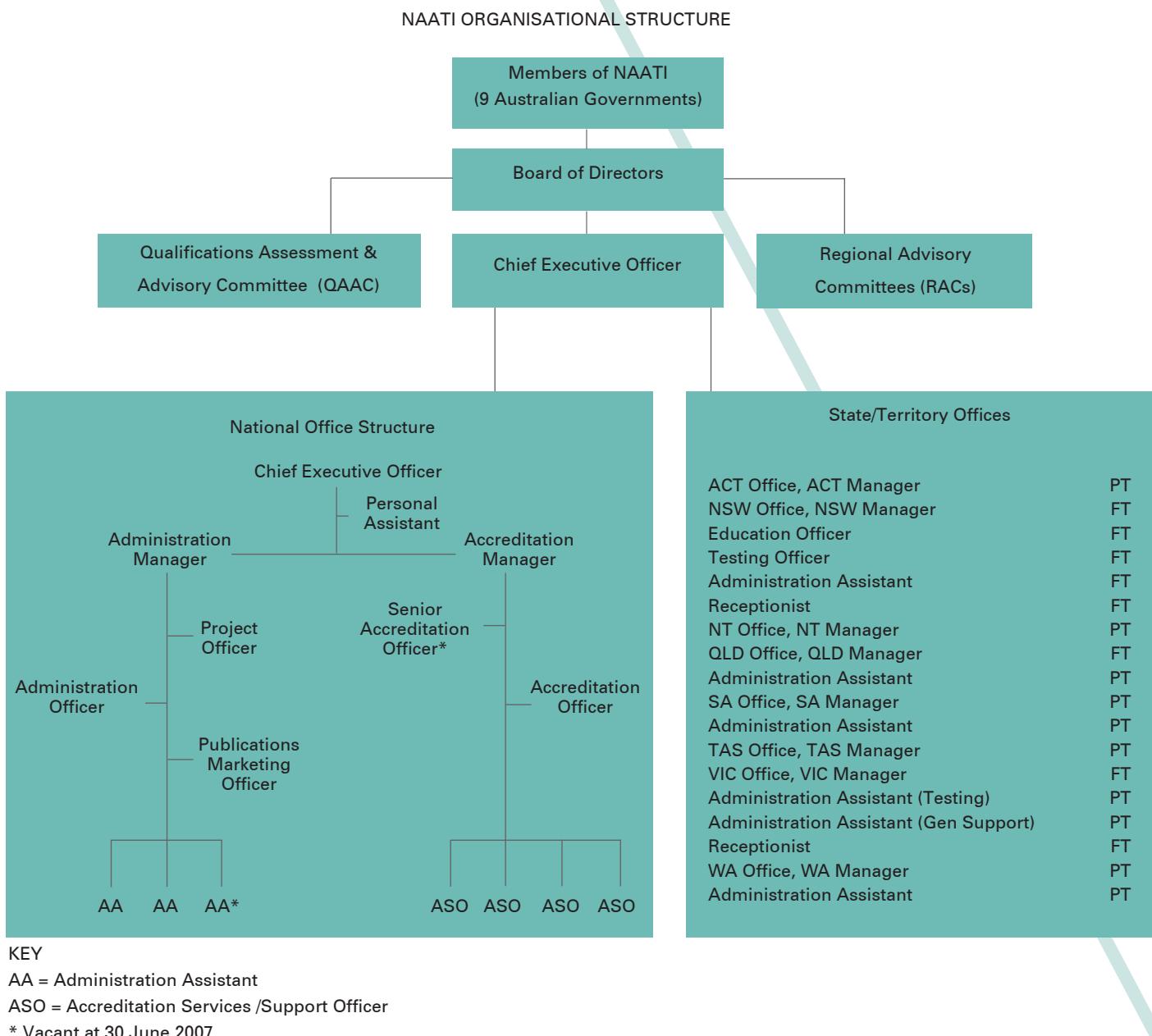
Objectives

The broad objectives for which the Company is established are to:

- set and maintain high national standards in translating and interpreting
- maintain and enhance a nationally recognised accreditation system that is responsive to the changing needs of the Australian community and accreditation applicants
- raise community awareness of the value and appropriate use of accredited translators and interpreters
- establish accreditation processes that are accountable and externally validated through suitably recognised and independent institutions
- provide opportunities for accredited translators and interpreters to re-validate/upgrade their accreditation level and
- provide advisory and consultancy services in relation to translating and interpreting.

Organisational Structure

NAATI's national office is in Canberra and there are also offices in each state and territory. As at 30 June 2007, NAATI employed 32 staff (26 effective full time positions) as shown below.



NAATI Committees and Panels

NAATI has established a series of committees to assist with its work, all of which are appointed by the board.

Qualifications Assessment and Advisory Committee: 2006-2007

The Qualifications Assessment and Advisory Committee (QAAC) provides expert professional and academic advice to the board concerning standards, assessment, course approvals and a variety of related matters. The board gratefully acknowledges the high-quality expert advice it receives from the Committee.

The Committee is responsible for advice on the following:

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

From 1 July, 2006 to 30 June, 2007 the membership of the Committee was:

| Member | Background |
|--|---|
| Chair Dr Emy Watt BA, MA PhD | Conference Interpreter, AIIC Member, T & I educator, knowledge of T & I courses at international locations |
| Ms Anna Grassi BA | T & I Educator (curriculum); representative of 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 |
| Dr Jemina Napier BA, MA, PhD | Educator, researcher, practitioner (Auslan), Representative of courses at the professional and graduate level |
| Ms Helen Slatyer BA, Dip TEFLA MA | Senior Researcher in the National Centre for English Language Teaching and Research, Macquarie University, special expertise in test evaluation |
| Mr Ari Pappas Grad Dip Health Science Management Dip T & I Dip Welfare Studies | Manager of a key service provider agency, Education Liaison Officer and member of project for Schools Commission Program |

Panels of Examiners

NAATI maintains language-based panels of trained examiners under the guidance of a panel chair to assess the performance of candidates in NAATI tests. Panels are established and discontinued from time to time to reflect demand for testing and shifts in the demographics of the population. NAATI gratefully acknowledges the critical wealth of expertise that the examiners contribute to NAATI and to the standards of the profession.

As at 30th June 2007 panels were established for the following languages:

| | | | |
|-----------|------------|----------------|------------|
| Albanian | Dutch | Korean | Samoan |
| Amharic | English | Kurdish | Serbian |
| Arabic | Filipino | Lao | Sinhalese |
| Assyrian | Finnish | Macedonian | Somali |
| Auslan | French | Malaysian | Spanish |
| Bangla | German | Maltese | Tamil |
| Bosnian | Greek | Mandarin | Tetum |
| Bulgarian | Hakka | Persian(Farsi) | Thai |
| Burmese | Hindi | Pitjantjatjara | Tigrinya |
| Cantonese | Hungarian | Polish | Tongan |
| Croatian | Indonesian | Punjabi | Turkish |
| Czech | Italian | Pushto | Ukrainian |
| Slovak | Japanese | Romanian | Urdu |
| Dari | Khmer | Russian | Vietnamese |

Regional Advisory Committees

Regional advisory committees (RACs) have been established in all states and territories. The purpose of the RACs is to allow NAATI to remain in touch with and receive advice from the sector, the profession and the community across Australia on a regular basis. Each RAC is supported by the relevant state/territory manager. The major roles of the regional advisory committees are:

- advising 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, and
 - Other issues identified by the NAATI Board.
- advising the NAATI Board about proposed developments or policy changes being considered by the board
- assisting NAATI in the promotion of general community awareness of the NAATI accreditation system and the value and appropriate use of accredited practitioners
- facilitating 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
- assisting the NAATI Board in its periodic consultations with industry stakeholders.

NAATI gratefully acknowledges the following people who contributed in many ways to RAC activity during the period by offering their advice and expertise.

ACT

Ms K O'Sullivan (Convenor)
Ms C Aubury
Ms C Crane
Ms S Emerson
Mr N Manikis
Ms M Mau-Oldfield
Mr M Palic
Dr C Phillips
Ms A Stensletten
Ms G McKergow (State Office Manager)

NSW

Ms A Grassi (Convenor)
Ms N Arrage
Mr S Campisi
Mr M Doerfler
Mr D Evanian-Thomas
Mr G Ford
Ms D Goswell
Ms A Groth
Ms T Markos
Ms F Mueller
Mr U Priester
Mr P Sinclair
Ms M Tilche
Ms B Vukojevic
Ms C Webster
Mr S Zjakic
Mr A Raisbeck (State Office Manager)
Ms S Bures (NAATI Director) Ex-Officio
Mr A Nega (NAATI Director) Ex-Officio

NT

Dr P Chakravarti (Convenor)
Ms F Abbott
Ms L Adidi
Dr P Black
Ms L Kohaupt
Ms S Morgan
Mr T McMahon
Ms M Pagsanjan
Ms A Quinn
Mr J Su
Ms B Teo
Ms U Vorst
Ms A Wait
Ms S Wall (State Office Manager)

QLD

Ms M Spring (Convenor)
Ms P Avila
Mr S Berner
Mr L Burness
Ms C Haas
Ms L Henniker
Dr L Ko
Ms I Ko
Mr I Muil
Ms D O'Shea
Ms N Parisi
Mr J Rygielski
Dr Y Sayeg
Ms I Szymanska
Mr T Tran
Mr T Tri
Mr A von Stein
Mr Jim Duncan (State Office Manager)
Dr M Brandle (NAATI Director) Ex-Officio

SA

Mr M Armiento (Convenor)
Ms C Ait-Touati-Jaspers
Mr G Chiro
Mr M Ciezkowski
Mr M Cronshaw
Mr M De Rohan
Ms Marj Ellis
Mr P Hallender
Ms R Gillies
Mr M Gostich
Mr R Grympa
Mr N Marovich
Ms L Pugh
Dr B Saaid
Ms M Schirru
Ms M Slatter
Ms C Voelkel-Hutchinson
Ms Cheryl Appelkamp (State Office Manager)
Mr J Kiosoglous (NAATI Director) Ex-Officio

TAS

Det. C Waterhouse (Convenor)
Ms M Adamson
Dr P Allen
Ms L Andersch
Mr G Duarte
Ms M Green
Dr B Peeters
Mr M Pathik
Mr B Smith
Ms S Wickham
Ms M Nolan (State Office Manager)

WA

Mrs T Nicholls (Convenor)
Ms M Clavenzani-Wilkins,
Ms M Dreyfus
Dr W Frick
Ms M Gurgone
Ms M Gruszka
Ms J McFarlane
Mrs H Murphy
Ms R Perera
Ms R Perino
Ms K Sprigg
Mrs R Tsapazi
Ms D Vukcevic
Ms D Ward
Ms G Zhang
Ms V van Loggerenberg
(State Office Manager)

VIC

Ms M Maggio De Leo (Convenor)
Mr A Abate
Mr I Ayzit
Ms L Bongiovanni
Ms S Casey
Ms Pip Cody
Mr A Florez
Ms Julie Gould
Ms S Koutes
Ms U Nguyen
Mr U Ozolins
Mr B Paez
Mr C Pegonis
Mr A Pappas
Ms S Richardson
Mr T Rose
Ms A Smith
Ms P Tissera
Mr B Turner
Ms S Van Fondern
Ms C Toffoli-Zupan (State Office Manager)
Ms V Mitsos (NAATI Director) Ex-Officio

5

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 2007**

The NAATI Board of Directors present their report on the company for the financial year ended 30 June 2007.

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:

| Name of Director | Qualifications | Shares in NAATI | Contracts with NAATI | |
|------------------------------------|--|------------------------|-----------------------------|----------------------|
| Ms Susan Bures AM (Chair) | Administrator Great Synagogue of Sydney, Secretary, Management Committee of the Waverley Action for Youth Services Former Deputy Chair, NSW Ethnic Affairs Commission Former Chair NSW Arts Advisory Council Former board member of Carnivale, NSW Ethnic Schools Board | N/A | Nil | Appointed 01/09/2002 |
| Ms Vicki Mitsos (Deputy Chair) | Centre Manager Multi Cultural Education Centre Goulburn Ovens Institute of Tafe, Manager & Administrator for Language Policy & Multiculturalism in regional & rural Victoria, Commissioner for Victorian Multicultural Commission | N/A | Nil | Appointed 01/09/2002 |
| Dr Maximilian Brandle OAM | Applied Linguist, Consultant on Multiculturalism and Languages, Vice-Chair, ECC QLD; Visiting Fellow, School of Languages and Linguistics, Griffith University; Board Member on the Australian Council for Europe (QLD) | N/A | Nil | Appointed 01/09/2002 |
| Mr John Kiosoglou MBE KSA AE SM | Auxillary Magistrate, Chair – Ethnic Schools Board (SA); Former Chair South Australian Multicultural and Ethnic Affairs Commission, Executive Member of Adelaide University Heritage Foundation and Chariman of the International Conference on Greek Research (Flinders University) | N/A | Nil | Appointed 30/08/2003 |
| Mr Abeselom Nega | Management Consultant in strategic planning, business development, employment services and performance management and Chair, Federation of African Communities Councils | N/A | Nil | Appointed 31/08/2005 |

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

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2007**

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.

Operating Results

The net loss of NAATI for the financial year ended 30 June 2007 was \$359,666 (30 June 2006: profit \$306,688).

Review of Operations

The net operating loss for NAATI for the financial year ended 30 June 2007 was \$359,666. This is a \$665,000 turn around from the prior year profit of \$306,000, the main contributors to this loss of profit are, a reduction of \$72K in Special on Demand test revenue and a \$213K reduction in DIMIA Project income, without an equivalent reduction in expenses. Total expenses are up by \$482K, made up of, \$38K in marketing and anniversary costs, \$110K in depreciation and consultants fees, \$68K in recruitment costs and \$173K in employment expenses.

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 (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2007**

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:

Ms Susan Bures
Ms Vicki Mitsos
Dr Maximilian Brandle
Mr John Kiosoglous
Ms S. Bell
Mr Abeselom Nega

Meetings of Directors

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

| | Number of meetings eligible to attend | Number of meetings attended |
|-----------------------|--|--|
| Ms Susan Bures | 11 | 11 |
| Ms Vicki Mitsos | 11 | 11 |
| Dr Maximilian Brandle | 11 | 11 |
| Mr John Kiosoglous | 11 | 11 |
| Mr Abeselom Nega | 11 | 11 |

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2007 has been received and can be found following the directors' report.

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



A handwritten signature in black ink, appearing to read 'Susan Bures', is written over a horizontal line. Below the line, the word 'Director' is printed in a small, sans-serif font.

Date: 24/9/07

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE
DIRECTORS OF
NATIONAL ACCREDITATION AUTHORITY FOR
TRANSLATORS AND INTERPRETERS LIMITED (NAATI)
A.B.N. 42 008 596 996**

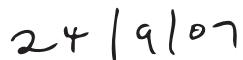
I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

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

HARDWICKE'S
Chartered Accountants



ROBERT J JOHNSON, B. Comm., F.C.A.
Date:
6 Phipps Close Deakin ACT 2600



INDEPENDENT AUDITOR'S REPORT

To the members of the National Accreditation Authority for Translators and Interpreters Limited

Report on the Financial Report

We have audited the financial report of the National Accreditation Authority for Translators and Interpreters Limited (NAATI) for the financial year ended 30 June 2007, as set out on pages 7 to 20, comprising the directors' declaration, income statement, balance sheet, statement of changes in equity, cash flow statement for the year ended on that date, a summary of the significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Report

The directors of NAATI are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements the Corporations Act 2001.

Auditor's Opinion

In our opinion, the financial report of the National Accreditation Authority for Translators and Interpreters Limited is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of NAATI's financial position as at 30 June 2007 and its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

HARDWICKE'S
Chartered Accountants

Dated:
Canberra

24/9/07

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 8 to 20, 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 2007 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:



A handwritten signature in black ink, appearing to read 'Husein Bureh', is written over a horizontal line. Below the line, the word 'Director' is printed in a small, sans-serif font.

Date: 24/9/07

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

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

| 2006 \$ | | Note | 2007 \$ |
|--------------------------|---|-------------|-------------------|
| 3,703,422 | Revenue from ordinary activities | 3 | 3,519,035 |
| (1,572,276) | Employee benefits expense | | (1,821,150) |
| (92,231) | Depreciation expense | | (143,678) |
| (1,732,227) | Other expenses from ordinary activities | | (1,913,873) |
| 306,688 | Profit/(loss) before income tax expense | | (359,666) |
| - Income tax expense | | 2 | - |
| 306,688 | Profit/(loss) after income tax | | (359,666) |

**BALANCE SHEET
AS AT 30 JUNE 2007**

| 2006 \$ | | Note | 2007 \$ |
|----------------------------|-------------------------------|-------------|-------------------|
| CURRENT ASSETS | | | |
| 2,246,068 | Cash assets | 5 | 2,057,067 |
| 135,171 | Receivables | 6 | 12,411 |
| 60,728 | Other | 7 | 53,227 |
| 2,441,967 | Total Current Assets | | 2,122,705 |
| NON-CURRENT ASSETS | | | |
| 289,087 | Property, plant and equipment | 8 | 457,147 |
| 289,087 | Total Non-Current Assets | | 457,147 |
| 2,731,054 | TOTAL ASSETS | | 2,579,852 |
| CURRENT LIABILITIES | | | |
| 300,174 | Payables | 9 | 438,074 |
| 245,997 | Provisions | 10 | 316,561 |
| 546,171 | Total Current Liabilities | | 754,635 |
| 546,171 | TOTAL LIABILITIES | | 754,635 |
| 2,184,883 | NET ASSETS | | 1,825,217 |
| EQUITY | | | |
| 2,184,883 | Retained earnings | 11 | 1,825,217 |

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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

| | Retained Earnings \$ | Total \$ |
|-------------------------|-------------------------------------|---------------------|
| Balance at 1 July 2005 | 1,878,195 | 1,878,195 |
| Surplus | 306,688 | 306,688 |
| Balance at 30 June 2006 | 2,184,883 | 2,184,883 |
| Surplus | (359,666) | (359,666) |
| Balance at 30 June 2007 | 1,825,217 | 1,825,217 |

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**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

| 2006 | | Note | 2007 |
|---|---|-------|-------------|
| | \$ | | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 928,376 | Government grants | | 1,223,262 |
| 1,749,245 | Test related revenue | | 1,582,303 |
| 1,143,644 | Other revenue | | 853,412 |
| 114,602 | Interest received | | 121,563 |
| (748,464) | Testing expenditure | | (680,141) |
| (2,836,509) | Operating expenditure | | (2,977,202) |
| 350,894 | Net cash provided by operating activities | 12(b) | 123,197 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (134,944) | Purchase of plant & equipment | 8 | (312,198) |
| (134,944) | Net cash used in investing activities | | (312,198) |
| 215,950 | Net increase/(decrease) in cash held | | (189,001) |
| 2,030,118 | Cash at the beginning of the financial year | | 2,246,068 |
| 2,246,068 | Cash at the end of the financial year | 12(a) | 2,057,067 |

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 2007**

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers NAATI as an individual entity, incorporated and domiciled in Australia. NAATI is a company limited by guarantee.

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.

Basis of preparation

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs. It 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.

a) Cash & cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

b) Plant & equipment

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

The accompanying notes form part of these financial statements.

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

Plant & equipment

Plant & equipment are measured on the cost basis less depreciation and any applicable impairment losses.

The carrying amount of plant & equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated over their useful lives to NAATI commencing from the time the asset is held ready for use.

The depreciation method and rates used for each class of depreciable assets are:

| Class of fixed asset | Depreciation rate |
|-----------------------------|--------------------------|
| Office equipment | 10 - 40% |
| Furniture & fittings | 7.5 - 20% |
| Technology upgrade | 20 - 27% |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

c) Impairment of assets

At each reporting date, NAATI reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, NAATI estimates the recoverable amount as the depreciated replacement cost of the asset.

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

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

d) 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.

e) 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).

f) 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.

NOTE 2 INCOME TAX

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

**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 2007**

| 2006 \$ | % | | Note | % | 2007 \$ |
|--|------------|--|-----------|------------|------------------|
| NOTE 3 REVENUE | | | | | |
| <i>Revenue from Government & Other Grants</i> | | | | | |
| 496,616 | 13.4 | Commonwealth Government | | 14.6 | 507,000 |
| 7,912 | 0.2 | ACT Government | | 0.2 | 8,150 |
| 163,806 | 4.4 | NSW Government | | 4.5 | 159,516 |
| 4,252 | 0.1 | NT Government | | 0.1 | 4,380 |
| 75,606 | 2.0 | QLD Government | | 2.2 | 77,875 |
| 40,924 | 1.1 | SA Government | | 1.2 | 42,150 |
| 13,240 | 0.4 | TAS Government | | 0.4 | 13,640 |
| 123,260 | 3.3 | VIC Government | | 3.6 | 126,342 |
| 41,622 | 1.1 | WA Government | | 1.2 | 42,870 |
| 967,238 | 26 | Government funding | 16 | 28 | 981,923 |
| <i>Other revenue</i> | | | | | |
| 1,623,854 | 44 | Test-related revenue | | 43 | 1,547,789 |
| 992,070 | 27 | Other services revenue | | 24 | 867,760 |
| 120,260 | 3 | Interest received - other corporations | | 5 | 121,563 |
| 3,703,422 | 100 | TOTAL REVENUE | | 100 | 3,519,035 |

NOTE 4 PROFIT

Profit/(loss) has been determined after:

Charging as expenses:

| | | |
|---------------|--|----------------|
| 14,008 | Depreciation of furniture, plant and equipment | 15,202 |
| 78,223 | Depreciation of technology upgrade | 128,426 |
| 92,231 | Total depreciation | 143,678 |
| 21,876 | Provision for annual leave | 25,199 |
| 3,247 | Provision for long service leave | 50,771 |
| - | Net loss on disposal of plant, equipment & SAM | - |

NOTE 5 CASH & CASH EQUIVALENTS

| | | |
|------------------|----------------------------|------------------|
| 1,405 | Petty cash accounts | 799 |
| 45,065 | Operating accounts | 51,172 |
| 2,199,598 | Investment accounts | 2,005,096 |
| 2,246,068 | | 2,057,067 |

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 2007**

| 2006 | | 2007 |
|---------------------------|----------------|--------|
| \$ | | \$ |
| NOTE 6 RECEIVABLES | | |
| | Current | |
| 135,171 | Trade debtors | 12,411 |
| <hr/> | | <hr/> |
| 135,171 | | 12,411 |
| | | <hr/> |

NOTE 7 OTHER ASSETS

| 2006 | Current | 2007 |
|--------|-------------------|--------|
| \$ | | \$ |
| 34,122 | Other receivables | 16,939 |
| <hr/> | | |
| 26,606 | Prepayments | 36,288 |
| <hr/> | | |
| 60,728 | | 53,227 |
| | | <hr/> |

NOTE 8 PLANT & EQUIPMENT

| | | |
|-----------|----------------------------------|-----------|
| 62,892 | Office equipment - at cost | 68,728 |
| (33,875) | Less: accumulated depreciation | (37,249) |
| <hr/> | | <hr/> |
| 29,017 | | 31,479 |
| | | <hr/> |
| 43,547 | Furniture & fittings - at cost | 50,419 |
| (10,532) | Less: accumulated depreciation | (14,677) |
| <hr/> | | <hr/> |
| 33,015 | | 35,742 |
| | | <hr/> |
| 523,185 | Technology Upgrade - at cost | 681,884 |
| (296,130) | Less: accumulated depreciation | (291,958) |
| <hr/> | | <hr/> |
| 227,055 | | 389,926 |
| | | <hr/> |
| <hr/> | | |
| 289,087 | Total property plant & equipment | 457,147 |
| | | <hr/> |

Movement in Carrying Amounts

Movements in the carrying amounts for each class of 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 | 29,017 | 33,015 | 227,055 | 289,087 |
| Additions | 13,961 | 6,872 | 291,365 | 312,198 |
| Disposals | (460) | - | - | (460) |
| Depreciation expense | (11,039) | (4,145) | (128,494) | (143,678) |
| Carrying amount at the end of the financial year | <hr/> | <hr/> | <hr/> | <hr/> |
| | 31,479 | 35,742 | 389,926 | 457,147 |

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 2007**

| 2006 | | 2007 |
|------------------------|--|---------|
| | \$ | \$ |
| NOTE 9 PAYABLES | | |
| | Current | |
| 129,780 | Trade creditors | 149,495 |
| 32,540 | Accrued charges | 28,158 |
| 34,087 | Test fees in advance | 42,000 |
| 78,212 | Practitioner Directory fees in advance | 84,011 |
| - | Grants in advance | 130,134 |
| 25,555 | GST liability | 4,276 |
| <hr/> | | <hr/> |
| 300,174 | | 438,074 |

NOTE 10 PROVISIONS

| 2006 | Current | 2007 |
|---------|---|---------|
| 125,147 | Provision for annual leave | 144,940 |
| 120,850 | Provision for long service leave | 171,621 |
| <hr/> | | <hr/> |
| 245,997 | Aggregate employee entitlements liability | 316,561 |

| | | |
|----|--|----|
| 26 | Number of full time equivalent employees at year end | 30 |
|----|--|----|

NOTE 11 RETAINED EARNINGS

NAATI shows an accumulated surplus of \$1,825,217. 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 review of the investment policy, it has been identified that NAATI would ideally maintain reserves of at least four months trading to provide a level of security and an environment for efficient decision making.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

| 2006 | 2007 |
|--|-------------------------|
| \$ | \$ |
| 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: | |
| 1,405 Petty cash accounts | 799 |
| 45,065 Operating accounts | 51,172 |
| 2,199,598 Investment accounts | 2,005,096 |
| <u>2,246,068</u> | <u>2,057,067</u> |

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

| | |
|---|-----------------------|
| 306,688 Profit/(loss) after income tax | (359,666) |
| Non cash flows | |
| 14,008 Depreciation | 15,184 |
| 78,225 Depreciation (technology upgrade) | 128,494 |
| - Loss on disposal of fixed assets | 460 |
| Changes in assets & liabilities | |
| 39,936 (Increase)/decrease in debtors | 122,760 |
| (18,400) (Increase)/decrease in other debtors | 15,720 |
| (11,094) (Increase)/decrease in prepayments | (8,219) |
| 25,123 Increase/(decrease) in employee entitlements | 74,821 |
| (9,961) Increase/(decrease) in creditors & GST | (21,973) |
| 17,040 Increase/(decrease) in accrued charges | 11,770 |
| (123,260) Increase/(decrease) in grants in advance | 130,134 |
| 12,385 Increase/(decrease) in test fees in advance | 7,913 |
| 20,204 Increase/(decrease) in directory fees in advance | 5,799 |
| <u>350,894 Net cash provided by operating activities</u> | <u>123,197</u> |

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

| 2006 | 2007 |
|--|---------------|
| \$ | \$ |
| NOTE 13 AUDITORS' REMUNERATION | |
| Remuneration of the auditor for: | |
| 17,000 - auditing the financial report | 17,250 |
| 300 - other services | 590 |
| 17,300 | 17,840 |

With the emphasis on audit independence the type of services recorded above as "other services" was examined and it was determined that they should actually be disclosed as audit services. Other services currently only include assistance with ASIC documentation. Audit services are for the audit and assistance with financial statement presentation.

NOTE 14 RELATED PARTY DISCLOSURES

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

Ms Susan Bures
Ms Vicki Mitsos
Dr Maximilian Brandle
Mr John Kiosoglous
Mr Abeselom Nega

b) Directors' Remuneration

| | | |
|--------|---|--------|
| 49,900 | Income paid or payable to all Directors of NAATI by the company and any related parties | 17,250 |
|--------|---|--------|

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

| | | | | |
|---|----------|---|----------|---|
| 5 | \$0 | - | \$9,999 | 4 |
| | \$10,000 | - | \$19,999 | 1 |

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

NOTE 16 ECONOMIC DEPENDENCY

A significant portion of NAATI's annual revenue is derived from Commonwealth, State and Territory Government funding. Funding agreements currently 1 July 2006 through until 30 June 2009.

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:

| 2007 | 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 | 6.27 | 1,717,727 | 338,541 | - | - | 799 | 2,057,067 |
| Receivables | | - | - | - | - | 12,411 | 12,411 |
| Total Financial Cash | | 1,717,727 | 338,541 | - | - | 13,210 | 2,069,478 |

| | | | | | | | |
|------------------------------------|--|---|---|---|---|----------------|----------------|
| Financial Liabilities | | | | | | | |
| Payables | | - | - | - | - | 149,495 | 149,495 |
| Total Financial Liabilities | | | | | | 149,495 | 149,495 |

| 2006 | 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 | 5.41 | 1,906,122 | 338,541 | - | - | 1,405 | 2,246,068 |
| Receivables | | - | - | - | - | 135,171 | 135,171 |
| Total Financial Cash | | 1,906,122 | 338,541 | - | - | 136,576 | 2,381,239 |
| Financial Liabilities | | | | | | | |
| Payables | | - | - | - | - | 129,780 | 129,780 |
| Total Financial Liabilities | | | | | | 129,780 | 129,780 |

The accompanying notes form part of these financial statements.

**NATIONAL ACCREDITATION AUTHORITY FOR
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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:

| | 2007 | | 2006 | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | \$ | | \$ | |
| | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| Financial Assets | | | | |
| Cash | 2,057,067 | 2,057,067 | 2,246,068 | 2,246,068 |
| Receivables | 12,411 | 12,411 | 135,171 | 135,171 |
| | <hr/> <hr/> 2,069,478 | <hr/> <hr/> 2,069,478 | <hr/> <hr/> 2,381,239 | <hr/> <hr/> 2,381,239 |
| Financial Liabilities | | | | |
| Payables | 133,375 | 133,375 | 129,780 | 129,780 |
| | <hr/> <hr/> 133,375 | <hr/> <hr/> 133,375 | <hr/> <hr/> 129,780 | <hr/> <hr/> 129,780 |

The accompanying notes form part of these financial statements.

6

OUTLOOK



OUTLOOK

NAATI has built a strong foundation as a cornerstone of the T&I sector through its standard-setting and accreditation functions, as evidenced by the:

- extent of goodwill and support seen in 30th anniversary celebrations
- continuing support from the members and their representatives
- extensive expertise in the Qualifications Assessment and Advisory Committee and the panels of examiners
- commitment, enthusiasm and experience of Regional Advisory Committees, and
- the capability of its staff and client services.

The following issues and challenges will shape the year ahead:

- delivery against the funding agreement objectives for the coming period
- maintaining strong core business functions in accreditation and testing, while strengthening NAATI's capacity to innovate and respond to emerging needs of the community and the profession
- strengthening support for new and emerging languages and realising the flow-on benefits to the community
- exploring mechanisms to better engage with Indigenous languages
- further developing and fostering regional activities
- working with the profession to bring about a smooth implementation and refinement of the revalidation system
- fostering continuing productive relationships with the members and key stakeholders
- continuing constructive collaboration with professional bodies
- reviewing NAATI's strategic directions and positioning
- building a sustainable business model for NAATI in a changing environment
- maintaining a watching brief on possible enduring changes in demand for testing
- continuing to enhance NAATI's profile nationally and regionally
- adding to the languages available for testing
- embracing new technology
- relocation of the national office
- improving business capability and processes consistent with the expectations of its funding parties, the profession and the community.



