Australian Government
Department of Home Affairs

NAATI Language Service Provider Endorsement Model: Statement of Analysis

This Statement of Analysis documents an independent regulatory impact assessment of the Language Service Provider (LSP) Endorsement Model, undertaken by the Department of Home Affairs in collaboration with the National Accreditation Authority for Translators and Interpreters (NAATI).

Ministers for Multicultural Affairs (the decision-makers) determined that a standalone Regulatory Impact Statement (RIS) was not required under the Commonwealth and State framework, as the matters ordinarily addressed through a RIS had already been comprehensively analysed through this independent assessment.

This document serves as the evidentiary record demonstrating that the development of the NAATI LSP Endorsement Model has been assessed in substance, scope and depth, prior to endorsement and implementation.

1. What is the problem?

The development of the NAATI LSP Endorsement Model was informed by an independent assessment of systemic issues affecting the Australian language services sector, including:

- fragmented and inconsistent service quality.
- absence of nationally consistent standards for Language Service Providers.
- workforce shortages and uneven engagement of NAATI-certified practitioners.
- inconsistent professional development expectations.
- weak or absent data security and confidentiality controls.
- inadequate or inaccessible complaints mechanisms.
- procurement settings that incentivise cost minimisation over quality.
- risks to client safety and government service integrity.

These issues were identified through analysis of:

- 34 formal stakeholder submissions.
- cross-jurisdictional policy and procurement reviews.
- NAATI operational and workforce data.
- Deloitte's *Economic Analysis of Interpreting Services: Final Report* (2023).

Conclusion: The problem is clearly defined, evidence-based, and independently substantiated.

2. Why is government action needed?

The analysis found that government action is necessary because:

- government is the single largest purchaser of language services.

- service quality cannot be reliably assessed by end-users, creating persistent information asymmetry.

- inconsistent practices pose material risks to health, justice, settlement and social cohesion outcomes.

- the current market lacks incentives to invest in workforce capability and quality systems.

- only a nationally coordinated framework can harmonise expectations across jurisdictions.

Conclusion: Government action is justified to protect vulnerable clients, safeguard public service delivery, and ensure accountability in publicly funded language services.

3. What policy options were considered?

Three options were independently assessed: the status quo, a voluntary endorsement model (preferred), and mandatory endorsement for government-funded services. Each option was evaluated against feasibility, proportionality, cost, and expected impact.

Option 1: Status quo (no endorsement framework)

Retaining current arrangements would involve no implementation cost and no regulatory burden on language service providers. However, this option would not address existing variability in service quality, governance, or risk management practices across the sector. The economic and social costs of inaction were estimated to exceed $300 million per annum, rising to up to $900 million per annum when latent demand was included.[1] On this basis, the status quo was assessed as ineffective and disproportionate given the scale of identified risks and costs.

Option 2: Voluntary endorsement model (preferred)

A voluntary endorsement model would allow providers to demonstrate compliance with agreed standards while avoiding mandatory regulation. This option was assessed as feasible to implement, proportionate to the level of risk, and adaptable to providers of different sizes and operating models. While take-up would depend on market and government incentives, the model would enable gradual sector uplift, improved transparency, and better risk mitigation without excluding smaller or emerging providers. Overall, this option was assessed as delivering significant improvements in service quality and assurance at a manageable cost.

Option 3: Mandatory endorsement for government-funded services

Mandating endorsement for all government-funded language services would provide the strongest assurance of quality and consistency. However, this option would impose higher compliance costs on providers and require more complex regulatory and administrative arrangements. It also carries a risk of reducing market participation, particularly among smaller providers, potentially affecting service availability in thin or regional markets. While the expected impact on quality would be high, concerns about proportionality and unintended consequences reduced the overall feasibility of this option.

Conclusion
A reasonable and proportionate range of policy options was considered and assessed. The voluntary endorsement model was identified as the option that best balances improved service quality and risk mitigation with feasibility, proportionality, and scalability.

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[1] Deloitte Access Economics (2023), *Economic analysis of interpreting services: Final report*. Report for Department of Home Affairs.

4. What is the likely net benefit?

The analysis identified the following benefits:

- improved service quality and client safety.

- increased engagement of certified practitioners.

- improved workforce retention and capability.

- strengthened data security and confidentiality practices.

- transparent and accessible complaints handling.

- improved value for money through reduced service failures.

Identified costs include:

- compliance uplift for LSPs, particularly small providers, noting that NAATI is funding a range of initiatives to support LSPs transition to the model within the first 24 months of implementation."

- potential increases in procurement costs.

- administrative resourcing requirements for NAATI.

Overall, the benefits were assessed as outweighing the costs, particularly in high-risk service settings.

Conclusion: The preferred option delivers a clear net public benefit.

5. Who was consulted and how was feedback incorporated?

Consultation formed a central component of the analysis and included:

- 34 formal submissions from LSPs, governments, unions, peak bodies, community organisations and practitioners

- Approximately 50 direct meetings with governments, organisations and individuals.

- An online public consultation forum that met weekly during September 2025 (approximately 100 participants per meeting).

- An industry working group made up of 12 individuals, representing business, government, and practitioner peak bodies, which met weekly throughout September 2025 in parallel with the wider consultation forum, to co-design measures and address any concerns.

These consultations covered detailed engagement across all seven endorsement standards and found:

- strong stakeholder support for minimum service conditions, mandatory briefings, independent complaints mechanisms and co-funded professional development.

- preference for an Australian-specific framework rather than reliance on ISO standards alone.

Stakeholder feedback directly shaped the final model, including scalable requirements and staged implementation arrangements.

Conclusion: Consultation was broad, representative, and materially influenced the model's design.

6. What is the best option and how will it be implemented?

The analysis determined that voluntary participation by language service providers is the preferred option, supported by:

- strong stakeholder support.

- significant risk-reduction outcomes.

- workforce and quality assurance improvements.

- enhanced transparency and accountability.

Implementation will be supported by:

- phased onboarding
- NAATI's complementary initiatives, including:
    - coverage of credentialling costs for all currently uncredentialled practitioners working with LSPs during the first 12 months of model implementation
    - provision of scholarships covering credentialling and recertification
    - introduction of new professional development content
    - publication of a language services national map, with de-identifiable data regarding met and unmet demand, service quality, and location and specialisation of credentialed practitioners.
    - Employee Assistance Program (EAP) to provide free, professional and confidential counselling services for NAATI-credentialed practitioners
    - strategic advice regarding workforce availability to improve communication access and settlement outcomes
- guidance materials, templates and training
- audit and reporting mechanisms
- integration with government procurement frameworks

Conclusion: The recommended option is proportionate, practical and well justified.

7. How will the chosen option be evaluated?

Evaluation and monitoring will occur through:

- a staged implementation approach.
- monitoring of complaints data, practitioner engagement and government feedback.
- an interim review within the first 12 months of operation.

Conclusion: Evaluation arrangements are appropriate to the scale and nature of regulatory impact.

Overall Determination

This analysis demonstrates that the NAATI LSP Endorsement Model substantively addresses all seven elements of the RIS framework.

Accordingly, this Statement of Analysis confirms that the model:

- is based on a clearly defined and evidenced problem.
- adopts a proportionate, consultative and evidence-based approach.
- appropriately analyses options, impacts, implementation and evaluation.

On this basis, decision-makers determined that a RIS was not required at this stage, as the regulatory impacts had already been fully considered through this independent analysis.