



## Economic analysis of interpreting services: Final report

3 October 2023

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## Contributors

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2M Language Services

ACT Courts and Tribunals, ACT Government

Aged & Community Care Providers Association Ltd

All Graduates Interpreting & Translating Company

Australian Administrative Appeal Tribunal

Australian Institute of Interpreters and Translators Inc (AUSIT)

Cairns and Hinterland Hospital and Health Service

Dr Erika Gonzalez, RMIT University

Department of Health and Aged Care

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Services Australia

South Australia Interpreting & Translating Centre

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Translationz

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# Glossary and definitions

Acronym	Full name
AAT	Administrative Appeals Tribunal
ACT	Australian Capital Territory
ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
CALD	Culturally and Linguistically Diverse
ED	Emergency Department
FCFCOA	Federal Circuit and Family Court of Australia
FECCA	Federation of Ethnic Communities Councils of Australia
GP	General Practice
HILDA	Household, Income and Labour Dynamics in Australia
HSP	Humanitarian Settlement Program
LOS	Length of stay
LSP	Language Service Provider
QOL	Quality of life

Term	Definition
Low quality interpreting	Interactions where an interpreter is provided but the service is of low quality, resulting in worse outcomes
Unfilled demand	Interactions where an interpreter has been requested, but was not filled by LSPs due to interpreter unavailability
Latent demand	Interactions where an interpreter has not been requested, either by the service provider or the individual. This could result in interpreting being undertaken on an ad hoc basis by friends and relatives, or not used at all.
Unmet demand	Instances of unfilled demand and latent demand. Interactions where an interpreter was not used.
Sub-optimal interpreting	Lower bound: instances of low quality interpreting and unfilled demand. Upper bound: instances of low quality interpreting, unfilled demand and latent demand.
Informal interpreters	This refers to friends, family members or other people from the same linguistic community who are not professional or certified interpreters.
Low English proficiency	Individuals with either no English proficiency or limited English proficiency, who are born overseas.
Tier A languages	Tier A languages defined based on Judicial Council on Cultural Diversity and Inclusion recommended national standards for working with interpreters in courts and tribunals. Tier A captures 10 spoken languages with relatively more NAATI certified interpreters. This includes Arabic, Cantonese, Greek, Italian, Japanese, Mandarin, Persian, Spanish, Turkish and Vietnamese.
Certified interpreters	For the purposes of this study, this includes Specialist Interpreter certifications, Certified Interpreter credentials, Certified Provisional Interpreter credentials, and Recognised Practising Interpreter status.
Non-certified interpreters	For the purpose of this study, this includes individuals who do not hold any NAATI certification or hold legacy NAATI credentials.

# Executive summary

## Project context, objectives and approach

Australia is one of the most culturally and linguistically diverse (CALD) countries in the world, with one in four Australians born overseas. As of 2021, there are almost 740,000 people born overseas with 'low English proficiency' living in Australia.<sup>1</sup>

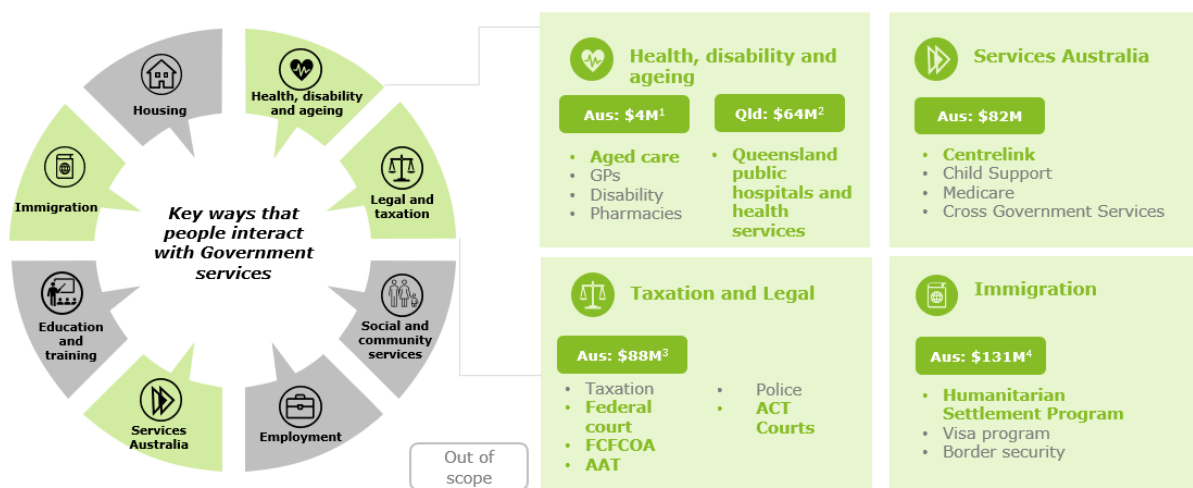
Interpreters play an important role in facilitating participation and equitable access to essential services such as government services, medical aid and legal advice for people with low English proficiency. Notwithstanding, various Australian and state government reports examining multicultural access and equity issues have noted concerns in relation to interpreter access and quality, while the sector itself views current working conditions as problematic.

Within this context, the Department of Home Affairs engaged Deloitte Access Economics to undertake targeted economic analysis into:

- the economic and social costs associated with existing provision of language services (with a focus on Australian government services)
- how demand for and supply of language services may change in the future (in the absence of significant changes to address issues)
- the potential costs and risks, into the future, to government of failing to address current market failure issues.

Interpreting services are procured by a range of government departments to support access to an array of services – ranging from education, employment and housing, through to health and legal matters. This report focuses on *spoken interpreting services* for the government delivery of select services (Figure i). The case studies focus on services either led by the Australian Government or where there is likely to be significant risk from sub-optimal interpreting (e.g. public hospitals and health services). Across the case studies, government procurement of interpreting services equalled \$374 million from 2018 to 2023.

Figure i: In-scope research areas for this report



<sup>1</sup>Includes the Department of Health and Aged Care and Aged Care Quality and Safety Commission. <sup>2</sup>Queensland Government annual expenditure on interpreting in public hospitals and health services is multiplied by five to support comparison with Australian Government procurement figures. <sup>3</sup>Includes AAT, ATO and Federal Police. <sup>4</sup>Includes Department of Home Affairs.

Source: Deloitte Access Economics (2023). Note: The \$ figures represent the estimated government procurement of interpreting services (2018-2023) for the relevant agencies in each area of focus.

<sup>1</sup> In this report, 'low English proficiency' is defined as either having no English proficiency or limited English proficiency.

The research is exploratory in nature. Given the breadth of sectors considered and a lack of centralised data collection on interpreting use and quality and outcomes, a range of data sources of varying quality have been utilised:

- **Literature scan and publicly available data (Evidence quality: relatively high):** while Australian studies are prioritised, this is supplemented by international studies.
- **Sector survey (Evidence quality: medium):** analysis of the Department of Home Affairs Language Sector Sustainability Survey, which captured over 2,200 responses from interpreters and translators. Of these, 1,700 responses were from interpreters.
- **Data from Language Service Providers (LSPs) and government departments (Evidence quality: medium):** aggregated administrative data from seven LSPs and two government departments on the use of interpreters, representing 1.5 million occasions of interpreting in 2022.
- **Consultations (Evidence quality: anecdotal):** interviews with 21 peak bodies, academics, service providers, and Department representatives.

### Outcomes from sub-optimal interpreting

There is strong and consistent evidence that being unable to access interpreters or working with low-quality interpreters ('sub-optimal interpreting') can result in a range of negative outcomes for individuals, government and broader society. The direct resultant outcomes across the service delivery areas are given in Figure ii. The downstream effects of sub-optimal interpreting have not been considered in this study.

Based on the available evidence, Deloitte Access Economics quantifies the per unit economic and social costs associated with each instance of sub-optimal interpreting across different delivery settings (Table ii).

The estimated per unit costs are highest for aged care and public hospitals and health services due to the high costs of service delivery, and significant outcomes for individuals, governments and society associated with sub-optimal interpreting.

The unit costs are not directly comparable across service delivery settings as they have different units. For instance, whereas a Services Australia assignment lasts for 20 minutes, the costs for aged care are calculated on the assumption that a person is in residential aged care for a year. Further details on the key assumptions and data sources underpinning the estimates are given in Appendix E.

Table ii: Economic and social cost per unit of low-quality interpreting and not accessing interpreting services, by service delivery case studies

	<b>Evidence quality (relative)</b>	<b>Per unit<sup>†</sup></b>	<b>Low-quality interpreting</b>	<b>Unmet demand for interpreting</b>
Aged care	Medium	Per person in residential aged care	\$4,150	\$8,000
Legal	High	Per hearing	AAT: \$1,430 <sup>^</sup> FCFCOA: \$1,100	AAT: \$1,330 <sup>^</sup> FCFCOA: \$1,330
HSP	Medium	Per migrant	\$1,630	\$3,600
Public hospitals and health Services (Qld)	High	Per hospital admission*	\$3,620	\$5,010
Services Australia	Low	Per interpreter assignment (~20min)	\$25	\$39

Source: Deloitte Access Economics (2023). There was insufficient evidence to quantify costs for Courts (ACT). \*Note that in addition to hospital admissions, Emergency Department presentations and non-admitted service events are also used for select cost categories. See Table 4.3 for further details. <sup>^</sup>For AAT, the per unit costs of low-quality interpreting are higher compared to unmet demand as there are additional costs associated with appeals, remitted cases and adjournments. <sup>†</sup>Units are not directly comparable across service delivery areas.

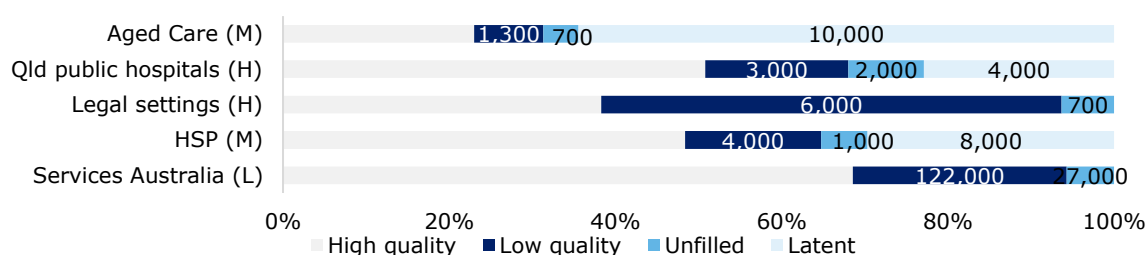
## Extent of current sub-optimal interpreting

Deloitte Access Economics estimates the prevalence of sub-optimal interpreting drawing on LSP data, supplemented by the literature and consultations. Potential total demand can be disaggregated to identify:

- **Low-quality** interactions where an interpreter is provided but is of low-quality, resulting in worse outcomes. As quality cannot be directly observed, it has been proxied by the employment of non-certified interpreters<sup>2</sup> and interpreting delivered via telephone.<sup>3</sup>
- **Unmet demand for interpreting** where an interpreter is not used. This includes **unfilled demand** – interactions where an interpreter has been requested, but was not filled – and **latent demand** – interactions where an interpreter has not been requested).

Drawing on the best available evidence from the consultations, data and literature, the distribution of total potential demand by service delivery areas is estimated (Chart i). Low quality interpreting is most prevalent in legal settings due to the highly complex and technical nature of the interpreting required. In contrast, latent demand is highest for aged care and health with services reporting not using formal interpreters consistently due to (1) high levels of staff turnover and low familiarity with the guidelines and/or (2) defaulting to reliance on family, friends and bilingual staff for interpreting due to their immediate availability.<sup>4</sup> Further details on the approach and assumptions are given in Chapter 3.

Chart i: Estimated distribution of total potential demand by service delivery areas



Source: Deloitte Access Economics (2023). H = relatively high degree of confidence in estimates; M = medium; L = low. The numbers represent the instance of interpreting, with the units given in Table ii.\*Latent demand has not been estimated for Services Australia due to lack of data.

## The economic and social costs of current sub-optimal interpreting

The per unit cost of sub-optimal service delivery (Table ii) are combined with instances of sub-optimal interpreter access (Chart i) to estimate the economic and social costs of current sub-optimal interpreting.

Drawing on select case studies with relatively stronger evidence, Deloitte Access Economics estimates that **as a lower bound, the current provision of sub-optimal interpreting costs the Australian economy and society \$326 million per annum.** This captures costs across the Australian Government case studies (aged care, legal, HSP, Services Australia) and their respective agencies, and public hospitals and health services across Australia (see extrapolated total in Table iii).

<sup>2</sup> For the purposes of this study, certified interpreters includes those with Specialist Interpreter certifications, Certified Interpreter credentials, Certified Provisional Interpreter credentials, and Recognised Practising Interpreter status.

<sup>3</sup> There is strong evidence in the literature that telephone interpreting leads to higher rates of interpreting errors and lower satisfaction relative to face-to-face or video conferencing interpreting.

<sup>4</sup> Informal or ad hoc interpreting is associated with lower quality of interpretation and potential ethical implications (e.g., breach of privacy).

Further, the evidence suggests that interpreting is frequently not requested. **When including latent demand, the upper bound economic and social cost across the extrapolated range of service delivery areas increases to \$892 million per annum, with over half of costs relating to public hospitals and health services.**

Table iii: Estimated economic and social cost of current sub-optimal interpreting (\$ million), 2023

Service delivery	(1) Low-quality	(2) Unfilled	(1) +(2) Lower bound	(3) Latent	(1) + (2) + (3) Upper bound
<b>Australian Government led case studies</b>					
Aged Care (M)	5.5	5.4	10.8	82.7	93.5
Legal settings (M)	7.6	0.9	8.5	-	8.5
HSP (M)	7.0	5.3	12.3	28.2	40.6
Services Australia (L)	3.0	1.1	4.1	-	4.1
<b>Aus Gov case studies</b>	<b>23</b>	<b>13</b>	<b>36</b>	<b>111</b>	<b>147</b>
<b>State Government led case studies</b>					
Public hospital and health services (Qld) (H)	16.3	8.0	24.4	20.2	44.5
<b>Extrapolation to select other service delivery areas</b>					
Uncaptured relevant Aus Gov Agencies*	21.1	19.4	40.4	248.7	289.1
Public hospital and health services (ROA)	151.1	74.2	225.3	186.3	411.7
<b>Extrapolated total<sup>^</sup></b>	<b>212</b>	<b>114</b>	<b>326</b>	<b>566</b>	<b>892</b>

Source: Deloitte Access Economics (2023). H = relatively high degree of confidence in estimates; M = medium; L= low.

\*Relevant Australian Government Agencies refer to those responsible for delivering the case studies: Department of Health and Aged Care, Department of Home Affairs, AAT, FCFCOA and Federal Court, and Services Australia. <sup>^</sup>Extrapolated total refers to the case studies + relevant Aus gov agencies + public hospital and health services (ROA).

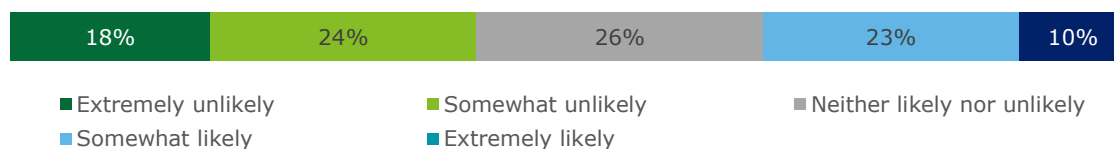
### Future sustainability of the sector

Demand for interpreters – as proxied by the population with low English proficiency – is expected to grow by 1.7% per annum over the next decade. By 2033, there are expected to be over 877,000 individuals with low English proficiency. Growth in demand is expected to be driven in part by higher growth in humanitarian migrants in line with Australian Government aspirations to increase the intake to 20,000 visas per annum (from 17,000 per annum historically).<sup>5</sup>

On the supply side (supply of workers in the interpreting sector), the potential to see growth appears less assured. In particular, the Department of Home Affairs Language Sector Sustainability Survey reveals that 33% of respondent interpreters and translators report being either somewhat likely or extremely likely to leave the sector. This is driven predominantly by a perceived lack of job security, low remuneration, and casualisation of work. However, it is unclear how this would translate to actual exits.

<sup>5</sup> <https://minister.homeaffairs.gov.au/AndrewGiles/Pages/increase-to-humanitarian-program-11082023.aspx>

Chart ii: Reported likelihood to leave the sector by interpreters and translators



Source: Deloitte Access Economics, based on the Department of Home Affairs Language Sector Sustainability Survey. Note that the shares may not sum to 100% due to rounding.

Assuming the supply of interpreters remains fixed at 2023 levels (given competing influences in and out of the sector), combined with project demand for interpreting services, the extrapolated total economic and social costs of sub-optimal interpreting for the relevant Australian Government agencies and public health services is expected to be between \$385 million (lower bound) and \$1.1 billion per annum (upper bound) by 2032.

If the overall supply of interpreters decreases as suggested based on stated intentions from the sector survey, and/or there is a growing mismatch in languages provided relative to 2023, the economic and social costs of sub-optimal interpreting could be higher than estimated.

### Implications and next steps

Through estimating economic and social costs for case studies where there is relatively stronger and more complete evidence, this study presents a preliminary economic case for improving access to and quality of interpreting services.

Beyond the economic case, the Australian Government should also be guided by moral and legal considerations in ensuring the sustainability of the interpreter sector. Australia is party to core international human rights treaties recognising the entitlement of all persons to “the enjoyment of the highest attainable standard of physical and mental health” and to “a fair and public hearing”.<sup>6,7</sup> Inadequate interpreting puts Australia’s ability to achieve these international human rights commitments at risk.

Improving the quality and accessibility of interpreting is expected to reduce the current and expected future economic and social costs associated with market failure. Procurement can play a role in both directly improving the quality of current interpreting provision and supporting other future changes.

Through the collection of better data, more comprehensive research on the economic and social costs of interpreting across the full gamut of all Australian Government services. In turn, this would further strengthen the case for change, while also providing a foundation for evaluating the impacts of any further policy changes.

However, procurement policy should be supported by a range of government policies aimed at addressing broader issues related to low-quality, unfilled demand and latent demand (Table iv).

<sup>6</sup> United Nations (General Assembly). (1966). International Covenant on Economic, Social, and Cultural Rights. Treaty Series, 999, 171.

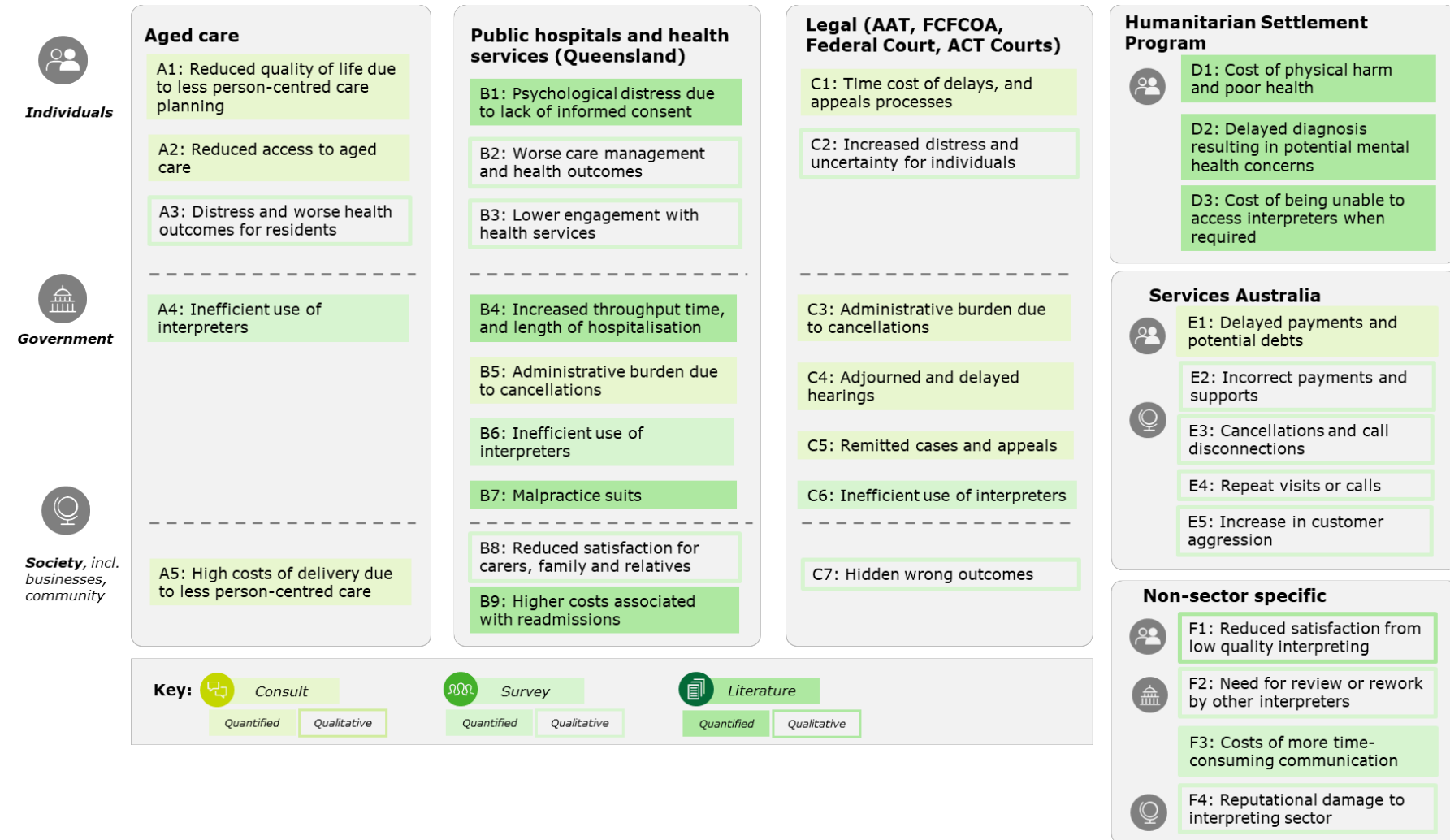
<sup>7</sup> United Nations (General Assembly). (1966). International Covenant on Civil and Political Rights.

Table iv: Potential government policy levers in supporting sector sustainability

Potential Levers	Potential action/recommendation	Potential benefit
<b>Procurement policy</b>	<ul style="list-style-type: none"> <li>Setting standards on quality and mode of service provision.</li> <li>Setting minimum working and remuneration conditions, given existing variation across LSPs (See Chart 6.3).</li> </ul>	<ul style="list-style-type: none"> <li>Improve quality of current provision and reduce economic and social costs of <i>low-quality</i> interpreting.</li> <li>Support workforce attraction and retention, which could reduce instances of <i>unfilled demand</i> and improve workforce quality.</li> </ul>
	<ul style="list-style-type: none"> <li>Establish a clearer and more consistent set of service-wide data standards.</li> <li>Support better data collection on interpreter use, quality, and outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Building the evidence base required to support future investment in the sector.</li> </ul>
<b>Awareness and sector engagement</b>	<ul style="list-style-type: none"> <li>More engagement with services using interpreters to formalise processes for working with interpreters.</li> <li>Build awareness in health, disability and aged care sectors on eligibility for free or government funded interpreting services.</li> <li>Strategic engagement with CALD communities on the importance of accessing formal interpreters.</li> </ul>	<ul style="list-style-type: none"> <li>Increase utilisation of interpreters and decrease the economic and social costs associated with <i>latent demand</i>.</li> </ul>
<b>Training and strategic workforce planning</b>	<ul style="list-style-type: none"> <li>Ensure supply is responsive, and targeted to the right areas.</li> <li>Increased support for NAATI to expand its language testing capabilities.</li> <li>Support access to high quality training and certification for interpreters.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure supply is in the right languages and skills to meet changing needs in demand.</li> <li>Increase the number of certified interpreters, and ensure increased delivery by certified interpreters.</li> </ul>
<b>Government cooperation</b>	<ul style="list-style-type: none"> <li>A whole-of-government approach across all levels of government to address the issues associated with sub-optimal interpreter access.</li> <li>Consider the establishment of in-house language services.</li> </ul>	<ul style="list-style-type: none"> <li>Coordination and consistent approaches to support more effective uplifting of quality and meeting unmet demand.</li> </ul>

Source: Deloitte Access Economics (2023).

Figure ii: Framework of outcomes resulting from sub-optimal interpreting services



Source: Deloitte Access Economics (2023).