

## Summary

As a result of the Interdepartmental Policy Review on interpreters and translators (IPR, 2003), a number of steps were taken to improve the deployment of interpreters in the public sector. First, public clients outside the domain of Justice who were in the past entitled to use the subsidised services of the intermediary *Tolk- en Vertaalcentrum Nederland (TVCN)* were given their own budget as of 1 January 2005. Secondly, the intermediation services of TVCN were put out to European tender. And thirdly, a bill on sworn interpreters and translators was introduced (currently awaiting enactment), with a prominent role of a new Register of Interpreters and Translators.

As recommended by the IPR, attention is also being paid to the transition process. The report in hand forms a baseline study and/or interim evaluation of the process so that possible unwelcome effects that might ensue from the above measures can be detected and addressed in time.

The following three concrete questions have been formulated for this study:

Question 1: How is the implementation of the outsourcing of the activities of TVCN proceeding and what are the effects on the quality, availability and costs of the services?

Question 2: What are the main characteristics of the clients?

Question 3: What effect could the abolition of fixed rates for interpreting and translating have on quality, availability and costs?

It should be noted with regard to Question 1 that the introduction of market forces in intermediation of interpreters is a consequence of the original aim to create more competition in interpreting (and translation) services. Question 1 should therefore be answered from the perspective of the envisaged policy goals, viz. to develop a high-quality, accessible and financially controllable system for interpreting services. This analysis therefore extends farther than intermediation in interpreters.

Chapter 2 begins with an economic analysis of the most important issue associated with interpreters and interpreting services: quality intransparency. The quality of interpreting services is a function of several factors, including knowledge of (two) languages, interpreting skills, degree of concentration and effort during the session, external factors that affect the interpreter (such as intelligibility, accents and the language usage of the discussion partners) and other interests of the interpreter. Some aspects of quality are easily discernible to the client while others are difficult to gauge. The potential of quality intransparency to create problems is bound up with the aspects of quality which are indiscernible to the client and which are costly to the interpreter.

The situation can be summarised as follows. The markets for interpreting services do indeed suffer from quality intransparency. This problem can be tackled by the clients, amongst others; in this case, the government acting in the role of a client. Some public-sector clients collectively set minimum quality criteria for the interpreters. Interpreters who do not meet the requirements cannot perform interpreting services to these clients. The government however does not intervene in the whole market; private-sector clients are e.g. free to set their own quality criteria. Moreover, much of the client's uncertainty regarding the degree of effort during the session, as well as many of the other interests of the interpreter, will continue to exist even after minimum criteria have been set for linguistic expertise and skills in the public segment. This means that

interpreting services might still be poor on occasion, even though a minimum level is generally guaranteed. The frequency of these incidents can be limited if the reputation mechanism works effectively: if clients can exchange negative experiences with one another. The Quality Register provides an opportunity for sharing this kind of information. It is also a task that can be fulfilled by the (external) intermediary.

Chapter 3 describes the institutional/legal framework and the market structure prior to the IPR and sets out the measures that have been adopted (or decided) in response to the IPR recommendations: the introduction of a Quality Register, the budget transfer, the public tendering of TVCN, the pilots in three administrative districts of courts and the policy on rates of pay.

Chapters 4 through 7 paint an empirically-supported picture of how the markets for interpreting services work. The analyses are based on a literature study, desk research, an analysis of data from the Quality Register and interviews with some 30 people from the field: clients, interpreters, intermediaries and policymakers. In addition, in the autumn of 2006, two Internet surveys were conducted: one among clients and one among interpreters.

In the analyses a distinction is drawn as far as possible between the markets for interpreting services in different languages. Chapter 4 discusses the factors that underlie the demand for interpreting services for each language. There are, for example, substantial differences in the number of first-generation immigrants and asylum seekers from areas where a specific language is spoken. There is also considerable diversity in international trade with different language areas. The wide variation in the underlying factors is indicative of the large variation in the conditions on the different markets.

The government is the biggest client in most markets. On average, public-sector clients account for approximately 70% of the turnover of interpreters, though this figure can vary depending on the language. There are numerous languages for which the government is actually the only client. The theory that there is no private market for less frequently spoken languages seems to more or less hold true, though the definition of 'less frequently spoken languages' is somewhat difficult to define.

Could the large percentage of public-sector assignments mean that public-sector clients have market power on the demand side? This might very well be the case if public-sector clients are able to coordinate their deployment of interpreters. Market power could be generated by centralising the deployment of interpreters in the healthcare sector (via TVCN) or by centralising the purchase of interpreting services by the IND (immigration and naturalisation services). This could however go even further if coordination goes further. The fees for interpreters are for example harmonised and more or less equal for interpreters in court cases (only criminal cases), for IND and TVCN. The collective market power of public-sector clients can be ascertained by calculating the difference between the fees paid by public and private clients. If public clients do have market power, they should be able to collectively negotiate lower rates than private clients who cannot coordinate and centralize their demand. The survey conducted among the interpreters revealed that the government almost invariably pays lower rates than private parties. An alternative explanation for the difference in rates is that private clients demand better quality and hence better interpreters. The higher rates on the private market would then supposedly be explained by the higher standards of quality which apply there. However, our comparison relates to the services of the same interpreter on the public and the private market. Hence, the price differences cannot be explained by differences in quality.

Chapter 4 also describes the main characteristics of the major clients and the more incidental clients: some organisations make frequent use of interpreters while others use them only occasionally, in some organisations the demand is fragmented, in others it almost always comes from the same people. Some clients need interpreters for short sessions, others need them for longer sessions, some can manage well with telephone interpreting, while others much prefer the interpreter to be physically present.

Chapter 5 deals with the supply side: the number of people who could (potentially) provide interpreting services, the capacity of individual interpreters, the quality of the currently active interpreters and possible entry into the profession.

The survey revealed that the majority of interpreters are not only interpreters; they do translating and/or other work as well. The average interpreter spends 8 - 14 hours a week on paid interpreting tasks. The fluctuations are fairly wide: in the least busy weeks an interpreter may have only 3.5 - 8 hours of paid work while a busy week can deliver 17 - 23 hours. Meantime, an interpreter also engages in unpaid activities, which is part and parcel of the profession, such as paperwork, acquisition, preparation, and – possibly – non-reclaimable travel time to reach destinations for on-site interpreting assignments. On average, an interpreter spends 6 - 9 hours a week on such activities. The survey results indicated that most interpreters would be happy to spend more hours interpreting than they do at present. Overall, there is more of a surplus than a shortage of interpreters at the moment, but that does not mean that there cannot be shortages in specific languages.

Besides the quantitative aspects of the supply, the qualitative aspects need to be up to scratch. On the whole, clients are satisfied with the quality of the services they purchase. Interpreters, on the other hand, are much more concerned and critical with regard to the general standard of interpreting services. They blame quality problems on the rates of pay and the delay in the enactment of the new bill which obliges some public clients to engage only registered interpreters.

Chapter 6 brings together the factors behind supply and demand and discusses the ratios between the number of people from specific language areas and the number of interpreters per language. The figures constitute a first step towards an accurate estimate of the demand for interpreting services and towards a model for entry to the market.

Chapter 7 focuses on the efficiency and effectiveness of mediation. It provides a summary of the search strategies employed by the clients, showing whether they work with internal or external intermediaries and the success of the strategies in terms of search duration, security of supply etc. TVCN scores well for search duration in the comparison. Clients who approach TVCN get an interpreter far more quickly than clients who have a different search strategy. That said, it should be clearly understood that the needs of TVCN clients are different from those clients who do their own coordination: TVCN clients often come with short assignments and relatively often do not attach all that much importance to the physical presence of an interpreter; telephone interpreters usually suffice. TVCN clients are entirely satisfied with the services they receive. They say that TVCN does a better job than one year ago (before the public tender) and better than three years ago (before the reorganisations). In the perception of the regular clients TVCN is working harder than ever to recruit interpreters. Clients who use TVCN as a second option (when the first fails) are slightly less satisfied than the regular clients.

You could say that, in a sense, interpreters also buy services from TVCN; for interpreters use TVCN to acquire assignments. Interpreters who (now and then) acquire assignments via TVCN

are generally less satisfied with the services and are only ‘marginally’ positive about them. The ratings decline over time, the most satisfied being interpreters with TVCN services from before the reorganisations several years ago. After that, the ratings take a downward turn.

Chapter 7 ends with a paragraph on the public tender of TVCN. This was a complex tender as it involved not only tendering the right to carry out intermediary services as such but also preparations had to be made for the transition from one organisation to another without jeopardising continuity. The winner was expected to take over the personnel and the infrastructure. This was seen as a safeguard on the quality and continuity of the services. The tender and the implementation was a success.

Paragraph 7.4.2 evaluates some elements of the contract which have economic implications. The main concern relates to what will happen after the current contract expires: for TVCN/Manpower will have a very strong position in the following tendering procedure. It also appears that the policy of TVCN on quality is geared to its own performance rather than to guarantees for the quality of interpreting services. The contract goes no farther on this point than to demand that interpreters adhere to a behavioural code, that TVCN maintain a system for registering complaints and that TVCN intermediate registered interpreters when necessary.

Chapter 8 tackles the third question: what will happen when fixed rates of pay are abolished? One important consideration here is that the current rules on fixed rates do not relate to a hard-core market regulation. Not all rates are regulated. The regulations are not binding for business clients or many public clients. In cases where fixed rates do apply, they serve as internal rules for the engagement of interpreters in contrast with, for example, earlier fixed rates for notaries which were set as a safeguard for quality.

We shall answer this question by drawing a distinction between situations with and without external intermediaries. Let’s start with a situation when no external intermediary is active. If the regulated rates were no longer to apply, organisations would draw up internal rules on the deployment of interpreters. If they did not do this, the user would be in an unfavourable negotiating position and the payment rates and – therefore – the costs would pile up. In addition, rationally-thinking organisations will coordinate their rates. If not, they will place themselves at a disadvantage: they will either have to pay the high rates or face increasing cancellations. In short, if interpreters are not recruited via an external mediator, a situation could emerge which is very similar to the one we find ourselves in at present – with one key difference: the payment rates will probably vary according to the scarcity of interpreters by language. Again, they will not always reflect the current market relationship in terms of total supply and demand. However, correction will be easier and faster than at present.

When we consider the situation where external intermediaries are involved, than it turns out that the question on the effects of price liberalisation is no hypothetical question at all. When TVCN was put out to public tender, a rate was agreed which TVCN clients would have to pay for interpreting services apart from the fee for intermediation. However, nothing was agreed on what the interpreter should receive. So far, TVCN has not applied differentiated rates for interpreters but she is, in principle, free to do so.

As it turns out, fees were also not always completely fixed when interpreters work for courts. Sometimes interpreters work for courts through a commercial intermediary. In such cases the court pays a fixed fee to the interpreter and the interpreter pays the mediator. From the point of view of the court, the fees are fixed, but not from the viewpoint of the interpreter.

Then, of course, the key question: will the deregulation of payment rates affect the quality and availability of interpreting services? Quality may be affected by (1) the level of payment rates and (2) the possibility of fee differentiation based on quality. If the new rates are higher, the more highly qualified interpreters, who now work more or less exclusively for private clients, will be willing to work for public-sector clients as well. If the new rates are higher, average quality could be higher. If the rates are lower, the interpreters with higher costs (incurred, for example, through investment in quality) and better outside options will leave the public sector. Minimum quality is, of course, guaranteed via the Register, but the average quality will decline with lower rates and availability problems may arise. This will then push up the price that will promote higher quality once again.

The deregulation of payment rates also creates openings for differentiation based on quality. But this will only happen if interpreters get the chance to credibly signal their superior quality to their clients. The question that needs to be answered is whether it would be possible and useful if, for example, TVCN were to apply a quality system that goes farther than identifying a minimum level. Commercial intermediaries do make more of an effort on these aspects. For private clients there seems to be room for quality differentiation. Should public clients attach value to quality differentiation it seems quite possible to set a step further in that direction.

Finally, the thorn in the interpreter's flesh: the payment rates. We have drawn a comparison between the general rates for interpreters and the (maximum) rates for dieticians, speech therapists and exercise therapists (cesar/mensendick). These are also free professions which require a higher professional qualification and where the costs (premises and other requirements) are comparable with those of interpreters. The comparison does indeed show that the rates for interpreters are more than 20% below the hourly rates for these comparable (in terms of costs) professions.