



11 May 2021



Tēnā koe [REDACTED]

Thank you for your email of 12 April 2021 to the Ministry of Education requesting the following information about the Provider Assessment Group:

1. *information about these "risk identifiers" and*
2. *how, in the Ministry's view, they indicate "...that services identified by the PAG as having high risk financial indicators often also have poor health and safety processes in place."*

Your request has been considered under the Official Information Act 1982 (the Act).

The Provider Assessment Group (PAG) was established as a pilot programme to complement existing support to the early learning sector.

While there are some service providers who do make genuine mistakes that result in non-compliance with the various licencing rules and regulations, the PAG aims to identify and assess service providers who have a higher risk of being wilfully non-compliant, such as in cases of fraudulent activity. The Risk Indicator Tool was developed to assist in identifying potential funding and licensing non-compliance within the early learning sector according to a range of risk-based factors. This tool uses data and a variety of algorithms such as attendance pattern analysis to create a score for each of the following risk profile categories:

#### Overclaiming Risk Profile Score

- Unusual claiming patterns
- Evidence of past (or likely) over-claiming
- Other factors associated with a higher likelihood of over-claiming

#### Closing Risk Profile Score

- Signs of possible impending closure
- Possible issues with financial competence
- Other factors associated with a higher likelihood of closure

#### Quality Risk Profile Score

- Indication of poor quality through current processes (e.g. ERO Review)
- Other factors associated with a higher likelihood of poor quality

Regulatory Risk Profile Score

- Indications of poor quality

It should be noted that data analysis alone does not mean a service provider is non-compliant. Further assessment, additional information, and judgement are required to determine whether further investigation is needed.

I am unable to provide you with further information about the Risk Identifier Tool. Releasing explicit information about how services are identified and scored would prejudice the ability for PAG to identify services most at risk of being non-compliant and may compromise the integrity of any subsequent investigations.

Therefore, I am withholding any further details about the risk identifiers under section 6(c) of the Act, to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences.

While a financial risk indicator does not in itself suggest poor health and safety processes, we know through PAG's investigations and the Ministry's work as regulators in the early learning sector that non-compliance in one area can be an indicator of non-compliance in other areas. Of the 26 licences assessed and reviewed by the PAG, 25 licences were identified as having poor health and safety processes. However, this does not mean that there will always be poor health and safety practices in a centre with high financial risk factors.

We have recently responded to an Official Information Request about the status of PAG, which may be of interest to you. We have proactively released this response, and it is available at the link below. In addition, we are currently working on a response to an Official Information Request about the PAG which includes information about the risk indicators and Risk Indicator Tool. The response is due to be proactively released in the next couple of weeks, and will be available with the first request for information on the Ministry's website: [education.govt.nz/our-work/information-releases/responses-to-official-information-act-requests/](https://education.govt.nz/our-work/information-releases/responses-to-official-information-act-requests/).

Please note, the Ministry now proactively publishes OIA responses on our website. As such, we may publish this response on our website after five working days. Your name and contact details will be removed.

Thank you again for your email. You have the right to ask an Ombudsman to review this decision. You can do this by writing to [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz) or Office of the Ombudsman, PO Box 10152, Wellington 6143.

Nāku noa, nā



Katrina Casey  
**Deputy Secretary**  
**Sector Enablement and Support**