

## **Government response to the New Zealand Productivity Commission's report on technological change and the future of work**

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Technology, and its rapid development and adoption, is one of the critical dynamics in the changing world of work. While technological innovation and disruption is nothing new, the increasingly pervasive nature of disruptive technologies and the pace of change will create both opportunities and risks. It is important for government to understand and respond to this prospective change so that the opportunities are realised and the risks managed.

In February 2019, the Minister of Finance, the Minister of Education, the Minister for Economic Development, the Minister for Workplace Relations and Safety and the Minister for Government Digital Services requested the Productivity Commission (the Commission) undertake an inquiry into how New Zealand can maximise the opportunities and manage the risks of disruptive technological change and its impact on the future of work and the workforce.

In March 2020, the Commission delivered the final report, which contained 35 findings and made 18 recommendations.

The Government thanks the Commission for its work and for completing its inquiry during the COVID-19 lockdown. The Government generally agrees with the direction of the Commission's recommendations, while noting that many of them are being dealt with through ongoing work programmes in the areas of social development and employment, workplace relations and education.

In particular, many of the Commission's findings and recommendations are closely connected to the Government's current Reform of Vocational Education and Training (RoVE) programme, Te Whakahou i te Mātauranga Ahumahinga.

These reforms have the potential to contribute significantly to the labour market dynamism and skills development that the Commission found to be necessary to realise the opportunities and adapt to the challenges presented by technological change. RoVE's success will depend (as the Commission noted) on the detailed design and implementation work currently underway.

Aspects of RoVE that relate to the Commission's work on technological change, an agile and adaptable workforce and changing business models include:

- a) Establishing Te Pūkenga, the New Zealand Institute of Skills and Technology, which brings the polytechnics together into a single national entity.
- b) Integrating work- and provider-based vocational education and training (VET), with Te Pūkenga and other VET providers taking on the 'arranging training' role that Industry Training Organisations have previously performed.
- c) Strengthening industry voice and leadership across the VET system, with new Workforce Development Councils providing skills leadership and strategy roles for their industries, developing qualifications, setting skills standards and overseeing assessment against standards, and advising the Tertiary Education Commission (TEC) on investment priorities.

The Government also notes the establishment in 2018 of the Future of Work Tripartite Forum (the Forum), a partnership between the Government, BusinessNZ and the New Zealand Council of Trade Unions. The Forum is taking an interest in many of the issues investigated by the Commission. In

particular, the Forum’s main priority in 2021 is developing a model for a social unemployment scheme (R4.12 below), for public consultation by the end of the year.

The most pervasive disruptive technology at present is digital technology. The Government is developing a Digital Strategy for Aotearoa, which is about seizing the opportunities of digital technologies to improve the prosperity and wellbeing of all New Zealanders. This will require people having confidence in the digital environment, having what they need to successfully operate in that environment, and translating that into economic opportunities (in the digital technology sector and across the wider economy).

### Responses to the Productivity Commission’s recommendations

Recommendation	Government position	Comment
<p>R3.1 When designing and implementing policies to assist workers and firms to adapt to technological change, the Government should broadly maintain New Zealand’s current high levels of labour-market flexibility.</p>	<p>Agree that a labour market that retains flexibility while providing security and equity is beneficial.</p>	<p>As the report indicates, New Zealand’s generally strong labour market performance is reflective of a relatively flexible labour market. A platform of flexibility within the New Zealand labour market needs to be coupled with adequate employment protections consisting of rules and regulations that support productive and balanced employment relationships. We agree with the Commission that there does not appear to be any compelling evidence that reductions to current employment protections would improve the ability of New Zealand firms to adopt technology.</p> <p>We consider that it is important to ensure that the labour market remains flexible so that businesses can make the most of the opportunities that new technology will provide. This Government is also committed to a high-performing economy that delivers good jobs, decent work conditions and fair wages. To this end we are progressing policies such as Fair Pay Agreements, which will enable sector wide bargaining that results in minimum terms and conditions of employment for all workers in an entire industry or occupation. Fair Pay Agreements could help prevent a race to the bottom for both businesses and workers. They should provide an opportunity to not just increase terms and conditions for workers, but also boost productivity for businesses by shifting the focus of competition beyond labour costs.</p>

<p>R4.1 Stats NZ should work with the Ministry of Business, Innovation and Employment and the Inland Revenue Department to improve definitions and ongoing measurement of work mediated by digital platforms and other work arrangements that are not in the nature of an employer-employee relationship.</p>	<p>Agree. Stats NZ will commence work in collaboration with other agencies to consider how the recommendation can be addressed.</p>	<p>Stats NZ will undertake the following work in consultation with the Ministry of Business, Innovation and Employment (MBIE) and other government agencies as required. It will do so with reference to international work by the ILO, OECD and UNECE on conceptualising and measuring digital platform work and other new or emerging forms of employment, and work by Motu Economic and Public Policy Research on measuring the gig economy, which was undertaken for the Productivity Commission’s inquiry.</p> <p>In respect of existing data collections, Stats NZ will:</p> <ul style="list-style-type: none"> <li>• Review current definitions and questionnaires to evaluate the extent to which digital platform work and other non-standard work arrangements are currently being captured in overall employment measures, and as separately classifiable forms of work, and identify any improvements that can be made.</li> <li>• Review work by other national statistics offices on estimating the incidence of ‘gig’ work from existing labour force survey data, and if feasible, produce a report on this that can provide a basis for ongoing monitoring.</li> </ul> <p>In respect of collecting new and additional data, Stats NZ will:</p> <ul style="list-style-type: none"> <li>• Begin development work on implementing the new international classification of status in employment (ICSE-18) in the Household Labour Force Survey (HLFS), which will enable us to better distinguish different forms of employer-employee relationships such as dependent contracting.</li> <li>• As part of its current review of the HLFS supplement programme, identify additional questions needed to capture digital platform work and other new and emerging forms of employment, and determine how these can be captured within the HLFS or in supplementary survey modules.</li> </ul> <p>It should be noted that Stats NZ is not currently able to make any significant changes or add new content to the HLFS, as it is in the process of migrating household surveys to a new collection infrastructure. This may delay the addition of any new content to the survey.</p>
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<p>R4.2 Government should monitor relevant indicators of technology adoption and labour-market change in New Zealand and internationally.</p>		<p>Stats NZ in collaboration with MBIE will establish a process for the monitoring of technology adoption and labour-market change through regular publication of selected indicators. This will involve:</p> <ul style="list-style-type: none"> <li>• Selecting relevant indicators on technology adoption and labour market change that are currently available from existing data sources, using the Productivity Commission’s suggested indicators as a starting point.</li> <li>▪ Identification of any information gaps and whether these can be met through new content added to existing surveys. This will be done in conjunction with cross-government work on the Data Investment Plan currently underway, which involves a stocktake of existing data and prioritisation of data gaps for addressing through government investment.</li> <li>• Monitoring international literature and data to place New Zealand’s changes in international context and provide internationally comparable data where possible.</li> <li>• Establishing a reporting process that may take the form of a continuously updated dashboard of indicators and/or an annual monitoring report published jointly by Stats NZ and MBIE.</li> </ul>
<p>R4.3 To support a dynamic labour market, the Government should extend funding to tertiary education providers for adult students who do not intend to pursue full qualifications.</p>	<p>Agree.</p>	<p>The Commission’s recommendation highlights misunderstandings in the tertiary education sector that may create barriers to participation.</p> <p>The TEC and the Ministry of Education have taken steps to clarify to tertiary providers that under existing government policies and TEC funding conditions:</p> <ul style="list-style-type: none"> <li>• Providers can and do receive tuition subsidies for people who enrol in individual courses rather than full qualifications. By law, funded courses must meet quality assurance requirements. Quality assurance is undertaken by the New Zealand Qualifications Authority (NZQA) or by Universities New Zealand at the programme level rather than for individual courses. So when providers seek funding for a course enrolment, they must identify which quality assured programme the course contributes credit towards. However, they do not have to enrol a learner in the whole programme.</li> </ul>

		<ul style="list-style-type: none"> <li>The TEC's education performance indicator (EPI) measures do not penalise providers if people enrol in individual courses rather than whole programmes. These types of enrolments are not included in EPI measures of qualification completion rates.</li> </ul>
<p>R4.4 The Government should allow people studying part-time and in short courses to access student loans to pay their course fees. This can be done by removing the 0.25 EFTS (equivalent full-time student) minimum course load requirement specified in the student loan eligibility rules administered by the Ministry of Social Development.</p>	<p>The Government will consider this recommendation as part of ongoing work to review student support policy settings.</p>	<p>The current rules setting a minimum study load for access to student loans were designed to target publicly funded support to people most likely to need it. On average, people studying short and part-time courses earn higher incomes, and are therefore less likely to face credit constraints that could make study unaffordable.</p> <p>However, the Government acknowledges that the current rules may create an undue financial barrier to retraining for some people wishing to undertake individual courses, micro-credentials or training schemes.</p> <p>The Ministry of Education, in consultation with the Ministry of Social Development, will assess the potential benefits and costs of changing the current minimum study load rules, as part of ongoing work to improve student support policy settings.</p> <p>Advice to Ministers with responsibility for the Student Loans Scheme will inform future budget options.</p>
<p>R4.5 The Minister of Education should, under section 159L of the Education Act 1989, issue a determination of funding mechanisms for student achievement component funding that removes the 5% cap on the delivery of micro-credentials, subject to each provider demonstrating sufficient resources, capability and internal processes. Alternatively, in implementing the current rule, the Tertiary Education Commission should not apply the 5% cap on overall delivery of micro-credentials to individual providers.</p>	<p>The Government agrees with the intent of this recommendation, and education agencies are taking steps to make it easier for providers to develop and deliver micro-credentials.</p>	<p>Government policy (set out in ministerial 'funding determinations') requires the TEC to set limits on funding for 'training schemes' (of which micro-credentials are one type), but the TEC can choose how it does this.</p> <p>The 5% cap rules referred to in the Commission's recommendation are operational policies that the TEC can amend without changes to funding determinations.</p> <p>The TEC allows providers to seek exceptions to the 5% cap on funding for training schemes, and has clarified for providers how they can seek an exception.</p> <p>The TEC is working to adopt a more agile investment management and monitoring process, moving away from relatively rigid "one size fits all"</p>

		<p>approaches like the 5% rule. By tailoring its approach to different providers, the TEC will be able to manage risks of low value delivery while making the system more flexible and responsive.</p>
<p>R4.6 The New Zealand Qualifications Authority should modify its rules to permit stacking of micro-credentials.</p>	<p>Agree.</p>	<p>While NZQA's rules allowed for 'stacking' toward larger qualifications, NZQA's initial emphasis was on recognising micro-credentials that could address unmet skill needs as stand-alone credentials.</p> <p>In January 2021, NZQA published an updated micro-credential approval process, clarifying its position and making it explicit how micro-credentials can contribute or 'stack' directly toward qualifications.</p> <p>Programmes leading to qualifications can include micro-credentials, provided the programme design is coherent and maps to the qualification outcomes and strategic purpose.</p> <p>Micro-credentials must continue to meet the NZQA definition and requirements as stand-alone packages of learning, valuable in and of themselves and meeting the needs of employers, industry, and/or iwi, hapū and communities.</p>
<p>R4.7 In implementing its reforms of the vocational education and training system, the Government should widen access to work-based education and training to all people in the workforce and to volunteers, and avoid unnecessarily restricting access based on employment status.</p>	<p>The Government acknowledges these recommendations and will consider how best to give effect to them as it implements the Reform of Vocational Education.</p>	<p>RoVE is bringing together New Zealand's separate systems for work-based and provider-based education and training. These systems have developed with different regulatory and funding arrangements, including the rules about who is eligible to participate, who the government provides subsidies for, and what fees and other charges are applied.</p> <ul style="list-style-type: none"> <li>• In the provider-based system, tuition subsidies, fee controls, student loans and student allowances are targeted to 'domestic students' who must generally be New Zealand citizens or residents. People who do not qualify as domestic students must pay international student fees.</li> <li>• In the industry training system, participation and funding are tied to trainees being 'employees', and to their legal entitlement to work in New Zealand.</li> </ul> <p>Bringing these two systems together and designing the new Unified Funding System for vocational education and training, the Government will</p>
<p>R4.8 In implementing its reforms of the vocational education and training system, the Government should ensure that migrants legally entitled to work in New Zealand:</p> <ul style="list-style-type: none"> <li>• continue to have access to publicly funded work-based vocational education and training on the same</li> </ul>		

<p>terms as other workers;</p> <ul style="list-style-type: none"> <li>gain improved access to workplace-based literacy, numeracy and foundation skills programmes on the same terms as other workers; and</li> <li>have access to the same benefits and opportunities that other workers may gain from the reforms of the vocational education and training system.</li> </ul>		<p>need to make decisions about eligibility and funding rules. This raises some difficult trade-offs e.g. whether to distinguish between full fee-paying international students (who may have work rights and may be participating in work-integrated learning) and immigrant workers (who may participate in job training that includes some on-campus coursework).</p>
<p>R4.9 The Government should strengthen the Tertiary Education Commission's mandate and resource it sufficiently to lead development of quality careers advice for New Zealanders of all ages.</p>	<p>The Government acknowledges this recommendation and will consider it alongside other priorities.</p>	<p>Careers Services has been integrated into the TEC, which now has statutory responsibility to provide a public careers information service.</p> <p>The TEC's current careers work includes:</p> <ul style="list-style-type: none"> <li>Upgrading the quality of online careers information and tools, including an Online Career Planning Solution to help learners identify career opportunities and the education and training needed for them</li> <li>Extending careers services to respond to the labour market impacts of COVID-19, including a new Direct Career Service launched in October 2020 in partnership with the Career Development Association of New Zealand (CDANZ)</li> <li>Partnering with schools to deliver the <i>Inspiring the Future</i> programme, which aims to broaden young people's horizons and challenge stereotypes and biases that limit aspirations and constrain young people from reaching their full potential.</li> </ul> <p>The Government will monitor the TEC's progress to deliver a Career System Strategy. Any changes to the TEC's mandate and resourcing to support it will be considered alongside other priorities.</p>
<p>R4.10 The Government should use the conditions it attaches to government funding for tertiary education to encourage credit recognition and transfer systems that work in the interests of learners and employers, rather than in the interests of</p>	<p>The Government acknowledges the intent of this recommendation but is currently addressing it in other ways.</p>	<p>RoVE includes major changes to improve the national consistency of qualifications and programmes. This will allow learners to move more easily between work-based and provider-based education and training settings nationwide, taking their learning with them and reducing time and effort wasted to repeat things they have already learned.</p>

<p>tertiary education providers.</p>		<ul style="list-style-type: none"> <li>• Te Pūkenga, the NZ Institute of Skills &amp; Technology, brings together 16 formerly separate Institutes of Technology and Polytechnics as an integrated national network. Over time, Te Pūkenga will create programmes and qualifications with much greater nationwide consistency.</li> <li>• The previously separate work-based and provider-based vocational education systems are being unified. Tertiary providers are taking on the ‘arranging training’ function previously undertaken by Industry Training Organisations. New Workforce Development Councils will oversee qualifications based on industry-developed skills standards. Providers will need industry endorsement of their programmes, which will make learning more consistent and credit more transferable.</li> </ul> <p>NZQA is currently consulting on proposals to simplify the vocational qualifications system. This includes a proposal to remove the ‘programme layer’ between qualifications and their component courses and units, moving much of this layer into industry-prescribed qualifications made up of skills standards. If approved, this may encourage easier credit transfer between providers and qualifications.</p> <p>Universities New Zealand and all our universities have credit recognition and transfer policies and guidelines. However continuous improvement is needed to ensure learners are not required to repeat learning they have already undertaken.</p> <p>The Government is not currently considering changes to funding conditions as a way to encourage improved credit recognition and transfer practices, but this option may be considered in future.</p>
<p>R4.11 The Government should use the opportunity provided by the current fundamental review of the resource management system to adopt less-restrictive land use regulation.</p>	<p>Agree.</p>	<p>The Government has announced next steps for review of the resource management system. The intention is to replace the current Resource Management Act (RMA) with three new pieces of legislation:</p> <ul style="list-style-type: none"> <li>• <b>Natural and Built Environments Act</b> – the core piece of legislation to replace the RMA. The purpose of this Act is to enhance the quality of the environment to support the wellbeing of present and future</li> </ul>



[Note: this recommendation relates to urban land use regulation and its impact on agglomeration and housing costs]

generations.

- **Strategic Planning Act** – requiring a strategic and long-term approach to how we plan for using land and the coastal marine area, and requiring long-term spatial strategies in each region to be developed to identify areas that:
  - will be suitable for development
  - need to be protected or improved
  - will need new infrastructure and other social needs
  - are vulnerable to climate change effects and natural hazards such as earthquakes.

These strategies would enable more efficient land and development markets to improve housing supply, affordability and choice, and climate change mitigation and adaptation.

- **Climate Change Adaptation Act** – this Act would support New Zealand’s response to the effects of climate change. It would address the complex legal and technical issues associated with managed retreat and funding and financing adaptation.

Cabinet has agreed an objective for reform is to better enable development within environmental biophysical limits including a significant improvement in housing supply, affordability and choice, and timely provision of appropriate infrastructure, including social infrastructure. This is likely to result in more enabling rules that provide for future housing and infrastructure development.

That said, in some cases, greater safeguards may be required for some locations and environmental values, which could result in more restrictive rules to protect these matters.

The Government’s recent National Policy Statement on Urban Development under the RMA is already assisting in the delivery of improved housing supply and important aspects of this will be carried over into the future system.

<p>R4.12 There would be merit in pursuing policies that would provide greater income smoothing for displaced workers.</p> <p>The Ministry of Business, Innovation and Employment, Ministry of Social Development and Inland Revenue Department should conduct further design work and analysis of the fiscal costs, economic impacts and wellbeing effects of unemployment insurance, portable individual redundancy accounts, and adjustments to current benefit and tax credit policies.</p>	<p>The Government agrees there is merit in pursuing policies that would provide greater income smoothing for displaced workers.</p>	<p>As the Commission notes, there is a range of approaches to smoothing incomes. The Government, in partnership with the Council of Trade Unions and BusinessNZ, favours an approach that pools costs and benefits across the workforce. This is the best way to provide meaningful income smoothing at a low individual cost.</p> <p>The Government has therefore committed to working with unions and business representatives to design a social unemployment insurance scheme.</p> <p>We see social unemployment insurance as potentially filling an important gap in our social security architecture. More specifically, insurance could reduce the pressure displaced workers can face to accept poor job matches, and increase their opportunity to engage in effective job search, and retraining and upskilling. The result could be a workforce that is better protected from the risk of income loss, less likely to experience wage reduction upon re-employment, and more confident in the face of a rapidly changing labour market.</p> <p>To ensure close collaboration between business, unions, and government, the Future of Work Tripartite Forum will lead this work to determine what social unemployment insurance could look like for New Zealand. The Forum is working towards a discussion document to inform a public consultation. The discussion document will be released later this year.</p> <p>The Government is also committed to continuing to overhaul the welfare system, which will continue to play an important role in providing financial support for people who lose their jobs. The Government does not intend to explore individual retirement savings accounts, but is committed to continuing to optimise Kiwisaver as a savings vehicle.</p>
<p>R4.13 The Government should extend eligibility to enrol for the Ministry of Social Development's (MSD) employment services to all displaced workers, those at risk of displacement, and underemployed workers, whether or not they are entitled</p>	<p>Agree in principle, subject to further advice and decisions.</p>	<p>As part of its welfare overhaul programme, in 2019 the Government endorsed a medium-term work programme that included work focused on improving and expanding employment services. This included expanding employment services to New Zealanders not on a main benefit and proactively supporting people experiencing difficulty finding or retaining</p>

<p>to income support.</p> <p>However, MSD should continue to prioritise the provision of services to those individuals assessed as being most at risk of poor long-term labour-market and social outcomes, and most likely to benefit from the services offered. Such prioritisation should not treat those receiving income support differently to those who do not.</p> <p>The Government should regularly review and adjust the resources it devotes to MSD's employment services, based on evidence that the services continue to have net positive benefits through improving long-term outcomes for service recipients.</p>		<p>employment.</p> <p>With COVID-19 having a significant and sudden impact on the labour market, some changes were implemented more quickly than planned to respond to increased displacement and unemployment. This enabled MSD to support a larger and more diverse group of people requiring employment support. Changes include introducing Click to Enrol services that provide people the ability to access employment services via the MyMSD application, and strengthening a proactive service for people at risk of job displacement. Eligibility for the \$300m expansion of the Flexi-Wage programme was also widened to include job seekers disadvantaged in the labour market who may not necessarily be receiving a benefit.</p> <p>Those people and population groups most disadvantaged in the labour market continue to be a priority for MSD's employment services.</p> <p>Investment decisions consider the need for and effectiveness of employment services. For example, Budget 2020 provided additional funding for further frontline staff to support an increase in demand, with \$250m to increase MSD's workforce capacity.</p>
<p>R4.14 The Ministry of Social Development should continue work to improve the design and targeting of the Youth Service for young people at risk of poor long-term labour market and social outcomes. When MSD finds and successfully tests an effective service design it should consider shifting more resources back into the Youth Service.</p>	<p>Agree, and action has been taken.</p>	<p>MSD regularly reviews and seeks to improve the effectiveness of the Youth Service. In April 2020, a number of significant changes were implemented, including:</p> <ul style="list-style-type: none"> <li>• For the NEET (Not in Education, Employment or Training) cohort, focusing more on vulnerable, high-risk young people (rather than low- and medium-risk young people).</li> <li>• For all Youth Service clients: <ul style="list-style-type: none"> <li>○ having a continued primary focus on education, training and work-based learning</li> <li>○ providing employment and pastoral support for up to 6 months post-employment</li> <li>○ reducing youth coach caseloads from on average 70 clients per coach to 20 per coach</li> <li>○ developing a client experience survey to gauge young people's satisfaction with the service and their coach</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ making available discretionary funding of \$500 per client that youth coaches can apply for to help young people improve their well-being, or achieve their education or employment goals.</li> </ul> <p>These changes were implemented through contracted Youth Service providers being invited to re-tender in August 2019, and providers moving to a new contract from April 2020. The changes followed:</p> <ul style="list-style-type: none"> <li>• a Treasury evaluation of the Youth Service NEET programme in 2016, a subsequent trial of a revised programme, and evaluation of that trial</li> <li>• extensive consultation with key stakeholders, including Youth Service clients.</li> </ul> <p>As a result of COVID-19 and increased demand for services and support, the National Youth Service team received additional full-time equivalent resources to support young people and Youth Coaches up until 30 June 2022. Future investment decisions will consider the demand for, and effectiveness of, the Youth Service.</p>
<p>R4.15 The Government should update the legal tests for employee status. The updated tests should focus on the fundamental nature of the work relationship – the extent of employer control, worker autonomy and choice, and the extent of lock-in to a specific firm. Whether work is “fundamental” or “supplementary” to a firm’s business should not be part of the legal test.</p>	<p>The Government acknowledges the Commission’s recommendations in relation to the legal distinction between employment and contracting relationships. These recommendations will be taken into account during the next phase of the ongoing work programme considering <i>Better Protections for Contractors</i>.</p>	<p>The Government notes that the Employment Relations Act 2000 (the Act) provides limited direction to the courts as to what factors or tests should be considered when assessing someone’s employment status. The key direction in section 6 of the Act is that the courts should assess “the real nature of the relationship” between the parties, which must be ascertained by considering “all relevant matters”. The tests referred to by the Commission have developed in case law and, with the exception of “intention”, are not referred to in the legislation itself.</p> <p>The Government sought feedback on the <i>Better Protections for Contractors</i> consultation document in 2020 and this included options to amend the definition of “employee” in section 6 of the Act. The issues set out in that document are still under consideration and the Commission’s recommendation will be taken into account during the next phase of this work.</p> <p>The Minister for Workplace Relations and Safety has convened a tripartite working group to consider the issues raised by last year’s consultation, and make recommendations to the Government. The working group</p>

		<p>includes representatives from the Council of Trade Unions and BusinessNZ, alongside senior government officials. The group had its first meeting on 21 May 2021 and is scheduled to deliver recommendations to the Minister by the end of November 2021.</p>
<p>R4.16 The Government should explore options to give greater legal certainty to firms that wish to offer independent contractors a wider range of benefits and support. This could be in the form of a regulatory “safe harbour” that reduces the risk of legal challenge to the employment status of their contractors in receipt of such benefits and supports.</p>		<p>The <i>Better Protections for Contractors</i> document includes options that would encourage businesses to provide better terms and conditions to contractors, without characterising the working relationship as one of employment. The Commission’s recommendation will be considered in the context of this work as it progresses.</p>
<p>R4.17 The Government should not introduce a new category of employment status between employee and contractor.</p>		<p>The Government acknowledges the Commission’s view that an intermediate category of employment status would tend to increase the complexity of employment law. This view was also expressed in submissions on the <i>Better Protections for Contractors</i> document opposing the creation of an intermediate category.</p> <p>The Government notes that other options in the recent discussion document (such as extending the right to bargain collectively to certain types of contractors) could be understood to create an intermediate category of working relationship, even though that would not be the explicit intention. The potential model described by the Commission in relation to recommendation 4.16 could also be understood in this way, as it contemplates some contractors having rights such as fair and transparent termination processes, which are currently applicable only to employees. The Government has not ruled out any options at this stage, but will consider trade-offs between worker protection, competition impacts, and complexity during the next phase of the <i>Better Protections for Contractors</i> project.</p>