‘Modern Apprenticeship’:  
A ‘Third Way’ in Industry Training?  

Gemma Piercy  
University of Waikato

Abstract  
Modern Apprenticeship was one of Labour’s flagship policies to be implemented early in the Coalition Government’s first term. This case study of Modern Apprenticeship investigates the extent to which ‘third way’ rhetoric is present in industry training policy in New Zealand. The paper will compare and contrast the British and New Zealand models of Modern Apprenticeship. The paper concludes by outlining similarities and differences in the two models in order to ascertain the extent to which the model in New Zealand can be described as ‘third way’.

Introduction  
The election of a Labour-led Government in New Zealand in late 1999 has resulted in some significant shifts in industry training policies. These shifts have been influenced by not only the general ‘third way’ rhetoric associated with Britain’s Labour Government, but also selected British policies such as ‘Modern Apprenticeship’ (MA). However, while the New Zealand government has looked to Britain for ideas to reshape post-compulsory education in general, and labour market education in particular, policies and programmes have had to be adapted in order to take account of the qualitatively different needs of a small economy and the country’s specific cultural and social context.

The purpose of this article is to: examine briefly, the third way rhetoric that has formed part of the policy debate in New Zealand; compare and contrast the British and New Zealand models of Modern Apprenticeship; and outline the extent to which the New Zealand adaptation of MA is ‘third way’.

Theoretical Ideas  
This article argues that shifts in political thinking have significantly changed the important aspects of education and training reforms in New Zealand. Whereas neoliberal ideas dominated in the 1990s (Kelsey, 1993, Law, 1996; Law & Piercy, 2000; Piercy, 1999), a more ‘third way’ approach is now being adopted. This section sketches briefly the 'new' ideology.

The ‘Third Way’  
The ‘third way’ is a term that is difficult to define because of its origins. It is a label that has been pinned to political platforms in different countries that have attempted to reconcile the traditional aims of socialism with the needs of an increasingly globalised capitalism. Each country where this type of agenda has been pursued constitutes a different context, so variations have occurred when meeting the needs of those contexts. These variations have become more difficult to reconcile because one of the most definitive works (Giddens, 1998) on the third way was written after some these political agendas had been implemented, so the labeling was retrospective.

In New Zealand the ‘third way’ is basically derived from this British set of ideas popularised by the Blair Government and Anthony Giddens’ publications Beyond Left and Right (1995), The Third Way (1998) and The Third Way and its Critics (2000). Giddens’ framing of the third way is used here to define the concept. Giddens (1998) argues that since the Asian crisis, conservatism has been in retreat and the third way has emerged to fill the proverbial vacuum.
Very briefly, Giddens argues that his conception of the third way has its origins in the Clinton administration and their attempt to forge a new consensus. He also acknowledges the Swedish model as one where the term took on its current meaning. Giddens’ (1998) particular focus is the ‘new’ model, both the one applied in the United States under Clinton and the one Blair used to create New Labour in the United Kingdom. Giddens refers to the third way as a framework of thinking and policy making that seeks to adapt social democratic ideas to a world that has changed fundamentally over the last two to three decades. In summary, Giddens (2000) claims that the third way attempts to transcend both social democracy and neo-liberalism to form a new pathway.

Giddens’ approach focuses on five key elements of change:
- the impact of Globalisation;
- the rise of individualism;
- the increasing lack of clarity between what is ‘left’ and ‘right’;
- the role of political agency in an economically/socially altered world; and
- the need to pursue sustainable means of dealing with ecological problems (Giddens, 1998; Eichbaum, 1999).

Throughout these five elements run themes that shape the role of the State, point to a type of partnership model, and encourage collaboration and cooperation between the social partners. Giddens (2000) argues that public policy has to shift away from the re-distribution of wealth to wealth creation. This, he claims, will answer some of the social problems caused by the deregulation of markets and threats to social cohesion. According to Eichbaum (1999), Giddens addresses the threats to social cohesion and the more damaging effects of the market by advocating “a supply side agenda that seeks to alleviate inequality of outcomes by means of equality of access” (p.48).

Thus, the role of the State is still to court capitalism to encourage wealth creation as it was under a neo-liberal regime. But the State also has to seek to right the wrongs of the market by pursuing public policy that facilitates access to the labour market (Eichbaum, 1999).

Industry training is one policy area in which the third way seeks to promote and create social cohesion. The importance of industry training to policy development under the third way is highlighted by Eichbaum’s (1999) analysis of the Blair/Schroeder statement Europe: The Third Way/Die Neue Mitte that was released in June 1999. Eichbaum (1999) states that:

> the Blair/Schroeder programme is predicated on what they argue is a continuation of the traditional values of social democracy, tempered by the need to modernise the kinds of programmes informed by those values. The objective, they (Blair and Schroeder) assert, is to reconcile the need for social justice with the requirement for economic dynamism and the ‘unleashing of creativity and innovation’ (p.53).

Eichbaum (1999) holds that the requirements to achieve a balance between the two imperatives is to move away from some of the traditional elements of a social democratic programme and “focus on supply-side changes, with the investment in ‘human capital’ elevated to the primary policy objective” (p.54). Eichbaum goes on to argue that this element of the third way is one that should be embraced particularly when it includes initiatives like national qualifications and portable skills.

As a result of this emphasis, one could argue that policies around industry training have become a lynchpin of a ‘third way’ approach in New Zealand. The extent to which the New Zealand Government embraces the centrality of industry training within the third way approach is traced in the next two sections.
Towards a ‘Third Way’ Government
The publication prior to the election of The New Politics: A third way for New Zealand imported many of the ideas popularised by the Giddens and Blair (Chatterjee, et al. 1999). In a pragmatic critique of the third way, using contributions of writers such as Hutton and Reich, as well as Giddens, Eichbaum (1999) argues that the ‘third way’ cannot be implemented arbitrarily because it “has to accommodate the particular and often unique economic, social, political, historical and cultural elements of that society” (p.37). For example, Eichbaum notes that Britain and New Zealand had particular historical legacies that underpinned both the introduction of neo-liberal ideas and the subsequent initiatives to move from them.

Several of the book’s authors were appointed to senior advisory positions after the change of government in late 1999 (Law, 2002). Eichbaum, who initially worked for the Minister responsible for industry training and tertiary education, Steve Maharey, now is located in the Prime Minister’s office and has been particularly influential and referred to in the press as a ‘third way’ guru.

21st Century Skills: Building Skills for Jobs and Growth
By the late 1990s, after spending nine years out of office, Labour (with considerable assistance from unions) had sharpened its understanding of the limitations of that facilitative, voluntarist model and was more inclined to a legislative, semi-regulatory approach coupled with a more pronounced, ‘third way’ notion of partnership.

Labour’s (1999) industry training policy document was critical of the National Government’s failure to establish pathways and links between employment and training that were necessary for economic success. It held that the abolition of apprenticeship and the voluntary approach had created a system that was hit and miss at best. Labour advocated a co-ordinated approach that would encourage all workers to up-skill and retrain throughout their working lives. The central theme that threaded through the policy document was the view that education and employment/industry/economy had to be brought together. MA was a key part of this policy document.

Modern Apprenticeship Programme
In 21st Century Skills, MA was the most obvious borrowing from Blair’s third way policies. The New Zealand Labour Party’s (1999) policy document outlined how both Australia and the United Kingdom had, unlike New Zealand under National, expanded and modernised apprenticeship. Labour proposed to borrow the UK’s MA banner to promote two similar, employment-based training initiatives: (1) apprenticeships that led to trade qualifications; and (2) traineeships for non-trade qualifications in such occupations as clerical, hospitality and retail. Labour also proposed to regulate training through either an agreement that requires a commitment on behalf of both employer and employee/trainee or, if the employer is reluctant to make that commitment, through a group training company.

It is important to note that along with the reintroduction of apprenticeship, the policy’s aim was to establish a more integrated training system that would extend across the entire economy in order to meet industry needs and continuously up-skill the existing workforce. Not only did Labour intend to bring the State back in, it also proposed to ensure that educationalists and workers’ representatives were once again part of the process, and that the role of ITOs was aligned with the goals that incorporated community and Maori interests.
By the 1999 election, Labour had developed an industry training policy that appeared to bridge the labour movement’s historic concerns and inclinations with the ‘new politics’ of the third way. Its commitment to apprenticeship also resonated with its traditional constituency. According to its leader, this policy always received the loudest cheers during the election campaign (Clark, 2000). Thus, it was not a surprise that after the election Maharey moved quickly to implement MA.

Although the rhetoric and much of the model was derived from the United Kingdom, there are important differences in the two countries’ approaches. The reminder of this article is designed to identify and analyse those similarities and differences.

The British System of Modern Apprenticeship
As noted above, New Zealand has often adopted and adapted ideas from the United Kingdom’s education and training system. Examples include: competency based training (CBT), a national framework for qualifications, and the shift to employer-driven industry training.

In the United Kingdom, as in New Zealand, the shift to CBT and the other reforms facilitated the removal of the traditional, time-served version of apprenticeship. However, the idea of apprenticeship retained some currency in the United Kingdom as it did in New Zealand. In the mid-1990s Britain’s Conservative Government, implemented the MA programme, in another attempt to reform education and training, so it could better meet the needs of the economy (Steedman, 2001). Over time, the British MA programme has undergone quite a number of transformations that are beyond the scope of this paper. The discussion here, therefore, focuses on the present system in Britain.

Modern Apprenticeship: Towards a Definition
Modern apprenticeships are a mix of old and new. A distinguishing feature is that MAs are not time-served: they are completed at the learner’s pace. Another is that the scope stretches beyond the historic trades. The programme is also locked into the national system of vocational qualifications. However, MA still embrace some elements of the old system. Applicants are young (between the ages of 16 and 24) and the system retains other elements that make apprenticeship attractive to young people wanting to enter a trade:

Modern apprentices learn on the job, building up knowledge and skills, achieving qualification and earning money at the same time. The competencies are linked to the skills identified by the employer as necessary for the job. (Learning and Skills Council, 2002a).

MA and Qualification Structure
MA is a two level system: Foundation (FMA) and Advanced (AMA). The FMA is at level 2 on the British qualifications framework and the AMA is at Level 3. Level 2 is equivalent to 5 GCSEs at grades A-C and level 3 is equivalent to 2 A levels or 1 Vocational A level. (Learning and Skills Council, 2002a). This means the MA is locked into Britain’s system or framework of national vocational qualifications or NVQs that are nationally recognized and portable qualifications (Keep and Rainbird, 1995; Ryan and Unwin, 2001; Steedman, 2001).

The MA programme is available in over 70 industry areas, from agriculture to the water industry. It is interesting to note that some industries offer only a foundation qualification while others only offer advanced level programmes (LSC, 2002c).

Funding and Regulatory Framework
The Department for Education and Skills (DfES) is responsible for the Modern Apprenticeship programme overall. However, as the Learning and Skills
Council (LSC) is responsible for post-compulsory education, it is the LSC that distributes regional funds for the provision of MA. The LSC works with a range of community groups in order to "understand, define and then meet training and education needs." (LSC, 2002b). These include the Employment Service, the Small Business Service, Connexions, the National Training Organisations and other educational and community-based organizations.

The National Office of the LSC is based in Coventry and there are another 47 councils across Britain. The National Council has 12 members. Representatives are drawn from employers, trade unions, learning providers and community groups. The regional councils also have representatives from employers, learning providers and community groups (LSC, 2002b). However, there is not consistent union representation on the regional councils.

The MA programme is primarily funded from the public purse, and only the traditional cost of the apprentice’s wages are met by the private employer. The DfES is given a budget that allocates money to MA. These public funds are then given to the Learning Skills Councils which, in turn, distribute them to training providers. The providers are free to use these funds themselves or can use the funds to contract other organizations to provide apprenticeship training and assessment, specified by the DfES regulations (Steedman, 2001). Additional financial benefits are currently being added to the MA programme. Pilot tax breaks have been implemented in April 2002 in a few geographic regions; the intention is to implement the system nationally (Grant, 2002).

The Experience of MA in Britain To Date
By the end of the 1990s, MA was seen as a successful workplace learning programme that had extended training beyond the realm of traditional trades and had increased participation rates beyond those achieved under the former youth training programme (Unwin & Ryan, 2001). Thus, the strength of the MA programme in Britain is that it has extended the learning opportunities available to youth as a group in the labour market. However, in more recent times, attention has focused on the limitations of MA rather than its successes. The “Skills in England 2001 Report showed that only 38% of the workforce had NVQ level qualifications or above, compared with 73% in Germany” (Grant, 2002, p.1). Other weaknesses identified by Ryan and Unwin (2001) include:

- An absence of statutory regulation other than that provided by the DfES;
- Current stagnation in participation figures;
- Disparity of completion rates between the service and industrial sectors;
- Only limited participation of the social partners in the regulatory mechanisms of Modern Apprenticeship; and
- Increasing incidence of private training organizations taking responsibility for the provision of Modern Apprenticeship (rather than employers)

Ryan & Unwin (2001) hold that the key factor that contributes to the identified weaknesses or limitations of the MA programme is the “market-oriented methods chosen for public support for apprenticeship” (p. 107). They hold that it results in a situation whereby the “work-based route has thus far contributed little” (p.99) to meeting the needs of improving the performance of the economy. Ryan and Unwin argue that this can be attributed, in part, to underlying inefficiencies in the quasi-training market, which encourage “low quality and weak commitment” on behalf of providers and
Steedman (2001) concurs on many of the points made by Ryan and Unwin. She also argues that a lack of transparency regarding the vocational route, and evidence of widespread skills shortages at the intermediate level, illustrate the need to improve many aspects of the MA programme. Additionally, Steedman observes that the disparity in completion rates raises real equity issues as women are primarily concentrated in the service sectors where the lowest rates of completion are currently reported. Specifically, Steedman argues that there is a need to establish more national consistency with MA so the qualifications are able to have value in the labour market across Britain. She goes on to state that the social partners - unions particularly - need to participate more in the regulation of MA, and address the current limitations of MA before it can go forward.

The Government has consistently set targets for MA to match, in order to address the limitations of the system that was set up under a Conservative Government. Unfortunately, both Ryan & Unwin and Steedman (2001) acknowledge that the targets are not enough to address the limitations identified above. Currently, the British Government is also attempting to address these problems by implementing a system of tax incentives. The approach of leaving the quasi-market in place but still creating room for State intervention in the form of targets and tax incentives seems to reflect very much the 'third way' as defined by Giddens (1998; 2000). That is, one where the market prevails but where the State is able to address some of the inequities created by the market system or ‘form of regulation.’

Eichbaum (1999) argues that while Giddens’ ‘third way’ may in part offer an alternative political and economic pathway, countries must adapt how they implement its ideas to account for their unique contemporary and historical context. The next part of the article examines the introduction of MA in New Zealand and, in particular, the ways in which the policy is being adapted in order to take account of the specific context of the country’s economic, cultural and social needs.

Modern Apprenticeship in New Zealand

Leading into the 1999 election, Maharey, as Labour’s spokesperson on employment, used the concept of Modern Apprenticeship as part of a political programme that was presented as a response to the 'crisis' in training. Labour’s response accepted the role of the employer and the market, but also reintroduced a role for unions and a stronger notion of State intervention in order to ‘steer’ all post-compulsory education and training (Law, 2002; Skill New Zealand, 2001).

Since the election, Modern Apprenticeships have been presented as a ‘showcase’ programme that provides a prestige pathway for young people, aged 16-21, to learn in the workplace (Maharey 2000). Both the Minister (Maharey 2000) and the Prime Minister (Clark, 2000) have cited the statistic of young workers making up less than 10% of trainees in 1999, to highlight the urgency to target youth. They also highlight the lack of the support previously given to employers who have training programmes. The appointment of MA co-ordinators is seen as a way of redressing that problem.

Statutory Basis

The first step to implementing the system of Modern Apprenticeship was to pass the Modern Apprenticeship Act 2000. Two key elements in the first part of the Act are the provision that apprentice Training Agreements were to have the same effect as employment agreements and that the
code of practice was to be taken into account by the employment regulatory institutions in New Zealand (New Zealand Government, 2000). This statutory recognition of Training Agreements is the first departure from the British system, where the relationship between the employer and the trainee is a ‘pledge’ and does not have the same level of statutory backing (Ryan & Unwin, 2001; Steedman, 2001).

In New Zealand, ITOs design industry training, including the proportion of on- and off-the-job training. This is similar to the role of NTOs in Britain. A difference, however, is the statutory role of unions. The New Zealand Government has confirmed that forthcoming tertiary education legislation will reinstate employee (union) representatives on ITOs. This proposed change will represent another significant departure from the British system where, as Ryan and Unwin (2001) note, the role of the social partners has been much reduced.

**MA and the Qualifications Framework**

MA in New Zealand is locked into the country’s national qualifications framework (NQF). As in Britain, MA is a two tiered system. Qualifications will be offered at level 3 and 4 on the qualification framework (Maharey, 2000). Level 3 is the initial trade certification; level 4 will normally be the advanced trade qualification. However, where an ITO offers higher level programmes or diplomas, modern apprentices will be able to proceed to national qualifications at levels 5 and 6 (NZQA, 2002b). While this two tier structure is similar to the British model, the levels are weighted differently. In New Zealand level 3 is the equivalent of the final year at high school; level 4 is equivalent to first year polytechnic or business qualification. In Britain, both the initial and advanced MA qualification are equivalent to qualifications from the senior secondary school. It will be interesting to see if the higher weighting in New Zealand has any impact on the labour market value of the MA qualification.

The unit standard approach to MA means that the learning can be completed primarily in the workplace and at the apprentice's own pace within the limits of their training plan (see below). Thus, as in the UK, modern apprentices can ‘earn as they learn’.

**Co-ordinators**

Part Two of the MA Act outlines the role of co-ordinators and how they are funded (New Zealand Government, 2000). The position of co-ordinator is another departure from the British model. The role is shaped by the code of practice provided for in the MA Act. The code has ministerial approval and is administered by the government agency, Skill New Zealand (New Zealand Government, 2000).

The co-ordinators have been drawn from a number of different areas including private training providers (PTPs), ITOs and polytechnics. This proliferation of public and private providers servicing the needs of industry trainees has also occurred in Britain. These providers can be seen to reflect the funding system implemented in Britain and New Zealand under neo-liberal governments which was designed to encourage competition in the provision of workers’ education and training. This has the potential to produce variation in how the role of the co-ordinator in terms of their relationship with the Modern apprentice is managed. For example, in operational terms, some co-ordinators have 60-70 apprentices while others have 200, yet the role is meant to be determined regionally. It also allows for the development of a problem identified by Ryan and Unwin (2001). In Britain private providers outnumber employers in providing MA programmes. This could have serious repercussions in terms of MA functioning as an alternative ‘prestige’
pathway to nationally recognized qualifications and employment. This is because it could harm the labour market value of the qualification that embraces this type of ‘third party’ approach. It is important to note, however, that this use of a third agency is effective in obtaining partial commitment from employers who would not commit at all if they had to take sole responsibility for the modern apprentice.

The co-ordinators are recruited by Skill New Zealand and report to both this government agency and the Industry Training Organisations (ITOs)/National Standard Setting Bodies (NSBs), where the apprentices’ training agreements are lodged. The co-ordinators report to these agencies on the training plan they have negotiated with the modern apprentice and the employer. The monitoring of the training plan is the co-ordinator’s main role. Co-ordinators have to liaise with the apprentice every three months to check on the apprentice’s progress and revise their training plans if and when needed. This requirement differs from the British system which does not have co-ordinators and does not have a nationally regulated review process. It is anticipated that this measure will alleviate some of the completion problems that limit the British system’s effectiveness as an alternative pathway to nationally recognized qualifications.

Funding
Currently, co-ordinators are funded by Skill New Zealand, on the basis of the number of trainees they have enrolled. Funding is provided for in the state’s budget and allocated from a separate, specific MA pool of funds. It is distributed through Skill New Zealand, in a similar fashion to the LSC in Britain. Skill New Zealand’s primary function is to fund and purchase education programmes for the unemployed and, via ITOs, industry trainees, which are provided by public or PTPs and designed by ITOs or NSBs. This means that a funder-provider model is utilized and the role of the State is limited by the use of a further agency that distributes contestable funds to promote competition. This system was established under the conservative, National Government and is the same funder/provider division used in the British system.

In 2001, the New Zealand Government announced that it would increase funding by over $40 million in order to reach the target of 6000 apprentices by the end of 2003 (Skill New Zealand, 2002). This use of targets is also similar to the British system.

Experiences To Date
Since 2000, Skill New Zealand has run pilot programmes in five industries. The goal was to recruit 500 apprentices by the end of 2001. Subsequent targets are 3000 apprentices by the end of 2002 and 6000 by the end of 2003. The focus is on youth. By March 2002, there were 2648 modern apprentices (Skill New Zealand, 2002). This indicates that the targets are realistic. The continued use of public and private providers - focused on the needs of Maori - also means that the principles of the Treaty of Waitangi are being met and that the unique needs of New Zealand indigenous peoples are being considered.

In spite of these early successes with Maori participation, it is possible to identify some worrying trends. Furthermore, given some of the reported weaknesses that have emerged with the British programme, it is possible to foresee similar problems arising in New Zealand. In summary, the following points of concern are already emerging:

- participation by women and Pacific Island peoples is very low, respectively at 5% and 2.2% (Skill New Zealand, 2002);
- disparity in participation figures across industry sectors;
reliance on pre-existing infrastructure from the need to lock qualifications into NQF; and
as in Britain, there is no guarantee of employment when training is completed.

The ability of MA to meet its targets suggests that the initiative has successfully increased access for youth to both the labour market and education and training. However, once the grouping of youth is stratified, women and some ethnic minorities do not seem to be able to access MA, and through it, the labour market, with the same levels of success. This raises serious equity questions regarding the ability of this programme to meet the needs of youth as a whole, especially when the participation trends in the British system are taken into account (see above).

An additional concern regarding participation rates is that the highest figures are in the traditional industry sectors that have long established trades training programmes. This relates to one of the limitations of the MA programme identified in Britain, where the completion rates differed between service and industry-based sectors. This trend in participation rates in combination with no guarantee of further employment could seriously limit the labour market value of the qualification. If this problem occurs to the same extent as it has in Britain, then it has the potential to prevent MA from achieving one of its key goals, which is to provide a ‘prestige’ pathway to employment and further education and training.

Conclusion
The British modern apprenticeship programme dovetails quite neatly with Giddens’ model of a ‘third way’. In order to assess whether or not the New Zealand version of MA ‘fits’ in a similar manner with Giddens’ ‘third way’, the similarities and differences between the two need to be highlighted. To summarise, the main similarities are:

- the ‘earn as you learn’ concept;
- qualifications locked into National Framework;
- the funder-provider system;
- the opportunity for either employers or private training establishments to provide the supervision and on-the-job training of MA; and
- the use of targets to increase participation in the vocational pathway.

The main differences are:

- statutory recognition of the MA programme itself, and within that, the training agreement and code of practice;
- the position of co-ordinator; and
- the decision to promote more the interests of employees within industry by a return to tripartism, which will promote the involvement of both the government and the social partners, specifically unions.

The similarities between the two systems serve to illustrate both the legacy and New Zealand’s continual adoption of British ideas in the area of industry training. However, the differences between the two systems serve to illustrate that while they share a name and some policy and practice, there are clear differences in how the two are being implemented. These differences are important as they could contribute to the system in New Zealand avoiding some of the limitations that have been identified by Ryan and Unwin (2001) and Steedman (2001). The position of co-ordinator, in particular, has the potential to address the issues of completion and low employer commitment. The differences are also important because they can serve, in part, to illustrate how the New Zealand approach to the ‘third way’ differs from that of the Giddens/Blair approach.
References