

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 1594



Introduced by Representative RODRIGO A. ABELLANOSA

EXPLANATORY NOTE

Youth unemployment has been one of the major concerns of the government. In 2009, the Philippines had an unemployment rate of 17.4%. Of the 2.83 million unemployed, 50.8% were young people, indicating that the face of unemployment in the Philippines is getting younger. Currently, unemployment hovers around 7% and underemployment at nearly 20%, with more than 40% of the employed working in the informal sector.

Inadequate employment opportunities, limited labor market information, and inadequate academic preparation have compounded the problem of high unemployment among the youth. Very often, there is a mismatch between jobs and skills.

This bill recognizes the need to strengthen programs that provide the youth with skills and access to employment, which in turn will provide enterprises with a mechanism for ensuring a continuous supply of skilled workers. It specifically targets the societal problem of out of school youth (OSY), who are caught in the dilemma of having to choose between going to school and working to help the family. There ought to be a program that allows OSYs to continue earning for their family while being allowed to earn credits in school. This bill hopes to achieve just that by introducing reforms to and encouraging massive advocacy on the apprenticeship program.

The number of enterprises and apprentices participating in the apprenticeship program remains relatively small. While enterprises continue to have a growing demand for skilled workers, there remains an untapped pool of OSYs. There is clearly a need to make the current apprenticeship program more relevant to both the prospective apprentices and the enterprises, in a fervent bid to promote skills acquisition and youth employment.

The passage of this important measure is thus earnestly sought.

RODRIGO A. ABELLANOSA
Representative
Second District, Cebu City

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AN ACT
REFORMING THE NATIONAL APPRENTICESHIP PROGRAM AND PROVIDING
REGULATORY STANDARDS FOR THE TRAINING OF APPRENTICES, AND FOR
ACCREDITATION OF THE PROGRAMS, THEREOF

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title – This Act shall be known as the “Philippine National Apprentice Program (PNAP) Act of 2013”.

SECTION 2. Declaration of Policy - It is hereby declared the policy of the State to establish a reformed apprenticeship program that will ensure the availability of qualified manpower in the field of critical and in-demand technical skills through the active participation of all enterprises, workers, government agencies and non-governmental organizations concerned.

SECTION 3. Statement of Objectives – The aims of this Acts hall include:

- a. To help meet the demand of the economy for trained human resource;
- b. To have a national apprenticeship program that includes on- and off-the-job training components with tripartite involvement;
- c. To promote the engagement of young workers through training and development;
- d. To enhance existing standards for the training, development of apprentices;
- e. To recognize indispensable role of private enterprises in training and development;
- f. To strengthen the advocacy on the apprenticeship training program to encourage enterprise and young workers participation;
- g. To increase productivity and competitiveness of enterprises by ensuring availability of skilled human resource; and
- h. To harness Corporate Social Responsibility (CSR) towards the development of skilled manpower to meet the requirements of the industries.

SECTION 4. Definition of Terms – For purposes of this Act, the following terms are hereby defined:

1. **Apprenticeship** – is training within an enterprise involving a contract between an apprentice and an enterprise on an approved apprenticeable occupation.
2. **Apprentice** – is a person undergoing training for an approved apprenticeable occupation during an established period governed by an apprenticeship contract.
3. **Apprenticeship Contract**– is an agreement wherein an enterprise binds himself or itself to train the apprentice who in turn accepts the terms of training for the recognized apprenticeable occupation and the rights, duties and responsibilities of each party.
4. **Apprenticeable Occupation** – is an occupation officially endorsed by a tripartite body and approved for apprenticeship by TESDA.
5. **Authority** – refers to the Technical Education and Skills Development Authority (TESDA).
6. **Board** – shall refer to the TESDA Board.
7. **Certificate of TVET Program Registration** – is a document issued by TESDA granting an authority to an enterprise to offer a program in an apprenticeable occupation.
8. **Competency Assessment** – is the process of gathering and judging evidence in order to decide whether a person has achieved a standard of competency.
9. **Training Plan** – is the specification for the apprenticeship program for an enterprise which describes all the learning experience a student undergoes, generally including the competencies to be acquired within the program, the underpinning knowledge, theories and principles and the assessment arrangement.
10. **Competency Standard** – is a written specification of the knowledge, skills, attitude and values required for the performance of a job, occupation or trade and the corresponding standard of performance required therefor in the workplace.
11. **Enterprise** – is a participating establishment that directly engages an apprentice based on an approved Apprenticeship Program.
12. **Unit(s) of Competency** – are units of competency from competency standard. Each unit has elements, performance criteria, range of variables and evidence guides.
13. **Cluster of Competencies** – is the grouping of competencies leading to Certificate of Competency.
14. **Qualification** – refers to a supermarket of competencies representing a clear meaningful set-up in the workplace and aligning with the Philippine TVET Qualifications Framework descriptor. Depending on the breadth,

depth and scope of competency, a qualification may fall under National Certificate Level I, II, III, IV or V.

SECTION 5. Qualifications of an Apprentice – To qualify as an apprentice, a person shall:

- a) Be at least fifteen (15) years of age;
- b) Possess good moral character, vocational aptitude and capacity for apprenticeship as determined by the enterprise; and
- c) Have the ability to comprehend and follow oral and written instructions.

Trade, industry and labor organizations may recommend to TESDA appropriate educational requirements for different occupations.

SECTION 6. Aptitude Testing of Applicants – Consistent with the minimum qualifications of an apprentice under Section 5 hereof, the bipartite plant apprenticeship committees shall have the primary responsibility for providing appropriate aptitude examinations in the selection of apprentices.

SECTION 7. Training of Apprentices – Only enterprises with programs registered with TESDA may enter into apprenticeship contracts and train apprentices in approved apprenticeable occupations.

SECTION 8. Apprenticeship Training Program Content and Delivery – All qualifications with Training Regulations (TRs) promulgated by the TESDA Board are automatically classified as apprenticeable. To meet the immediate requirements of enterprises for skilled workers, the TESDA Board shall approve new apprenticeable occupations endorsed by the appropriate Regional Technical Education and Skills Development Committee (RTESDC) upon consultation with workers' groups and industry representatives.

The apprenticeship program shall emphasize the need for theoretical instructions. The enterprise may seek partnership with a TVET institution in the design and delivery, thereof.

SECTION 9. Apprenticeship Period – The apprenticeship period shall be based on the duration of training required in the Training Regulation and on the complexity of the skills to be learned by the apprentices.

SECTION 10. Apprenticeship Program Registration – Registration of program can be for a qualification, for cluster of competencies or for bundled qualifications as contained in the Training Regulations. A Letter of Application stating the intention and the Certificate of Undertaking and the Training Plan shall be submitted to TESDA for approval. A Certificate of TVET Program Registration shall be issued to the enterprise to signify authorization for specific qualification or competency clusters.

An apprenticeship program maybe approved on a No-Training Regulation basis, provided that the applicant enterprise can show proof of the demand for such skill.

TESDA shall provide technical assistance to the applying and implementing enterprises to be able to comply with the provisions of this section.

SECTION 11. Contents of Apprenticeship Contract – Apprenticeship contract shall conform to the rules issued by TESDA and shall include:

- A. the nature, syllabus, timetable and purpose of training;
- B. the period of training depending on the approved training regulations;

- C. training allowances prescribed by industry subsectors through tripartite consultations which in no case shall start below seventy-five percent (75%) of the applicable minimum wage;
- D. a schedule of training allowance payment;
- E. training hours;
- F. the process for the termination of apprenticeship; and
- G. the general rights and obligations of both parties.

SECTION 12. Signing of Apprenticeship Contract – Every apprenticeship contract shall be signed by the enterprise owner or his/her authorized representative, or the authorized representative of any of the recognized organizations, associations or groups and by the apprentice.

An apprenticeship contract with a minor shall be signed in his/her behalf by his/her parent or guardian or, if the latter is not available, by an authorized representative of the TESDA. The contract shall be binding during its lifetime, subject to the right of the apprentice to terminate the same after a month's notice.

Every apprenticeship contract entered into under this Title shall be approved by the bipartite plant apprenticeship committee involving the firm owner and representatives of the firm workers. Copies thereof shall be furnished the firm owner and the apprentice.

SECTION 13. Apprenticeship Models – Enterprises with approved apprenticeship program may choose from any of the following apprenticeship models, which may use the Dual Training System approach:

- a) apprenticeship involving a company and an identified training institution;
- b) apprenticeship involving a group of companies and a training institution;
- c) apprenticeship involving an industry training center and a company or a group of companies; or
- d) other schemes to be established by the TESDA in consultation with enterprise owners, labor and training institutions and subject to the approval of the TESDA Board.

SECTION 14. Apprenticeship Administration – The TESDA Board shall be responsible for setting up the overall apprenticeship policy and standards. The TESDA Secretariat shall be responsible for apprenticeship administration, monitoring and evaluation of on and off-the-job training.

SECTION 15. Investigation of Violation of Apprenticeship Contract – The bipartite plant apprenticeship committee, upon complaint of any interested party or *motu proprio*, shall have initial responsibility for settling differences arising out of apprenticeship contracts. In case it is not able to settle such differences, the TESDA Secretariat or its authorized representative shall investigate and render a decision pursuant to pertinent rules and regulations as may be prescribed by the TESDA Board.

SECTION 16. Appeal to the TESDA Board – The decision of the TESDA Secretariat may be appealed by any aggrieved person to the TESDA Board within five (5) days from receipt of the decision. The decision of the TESDA Board shall be final and executory.

SECTION 17. Termination of Apprenticeship – The following shall be the grounds for the termination of apprenticeship:

- I. valid cause to terminate the Apprenticeship contract:

1. *By the enterprise:*

- a) habitual absenteeism in on-the-job training and related theoretical instructions;
- b) willful disobedience to company rules or insubordination to lawful order of a superior;
- c) poor physical condition, permanent disability or prolonged illness which incapacitates the apprentices from working;
- d) theft or malicious destruction of company property and/or equipment;
- e) poor efficiency or performance on the job or in the classroom for a prolonged period despite warnings duly given to the apprentices; and
- f) engaging in violence or other forms of group misconduct inside the enterprise's premises.

2. *By the apprentice:*

- a) substandard or deleterious working condition within the enterprise's premises;
- b) repeated violations by the enterprise of the terms of the apprenticeship agreement;
- c) cruel and inhuman treatment;
- d) personal problem which in the opinion of the apprentice shall prevent him from a satisfactory performance of his job; and
- e) bad health and continuing illness.

II. Procedures/rules on the termination of apprenticeship:

1. *Apprenticeship Committee Level*

- a) The party (enterprise or apprentice) interested in terminating the contract may do so, by notifying first the Apprenticeship Committee;
- b) The Committee confers with both parties and mediates and/or settles the differences between them;
- c) If mediation and/or settlement is not possible, the Committee advises the complainants to apply for said termination with the Apprenticeship Division of the Regional Office concerned.

2. *Regional Level*

- a) The complainant verbally presents his/her case to the Apprenticeship Division. If to the judgment of the Division the complaint merits consideration, he/she is made to duly accomplish an "Application for Termination of Apprenticeship" form.
- b) The Division verifies the veracity and validity of the claim within five (5) days from receipt thereof by:
 - 1) calling both parties (enterprise and apprentice) for a conference; or
 - 2) sending a representative to the enterprise for that purpose.
- c) In case a ground for approval exists:
 - 1) the investigating officer (field representative) shall initiate the application;
 - 2) the Chief of the Apprenticeship Division shall verify the same.
 - 3) the application shall immediately be forwarded to the Regional Director for appropriate action, after which a copy of the acted application shall be furnished each applicant and the second

- party, this process shall be completed within three (3) days from receipt of the document by the Office of said Regional Director.
- 4) a copy of each approved application shall be furnished the Bureau of Apprenticeship to be forwarded to the said Office together with the Monthly Performance Report of the Apprenticeship Division.

3. Agency Level

If either of the Parties is not satisfied with the decision of the Regional Director, he/she may within the reglementary period of five (5) days from receipt of the document, appeal the case to the TESDA Director General whose decision shall be final and unappealable.

SECTION 18. Competency Assessment and Certification – The apprentices shall, within the apprenticeship period, undergo competency assessment for qualifications with Training Regulations. A National Certificate shall be issued to all those who demonstrated achievement of the competency standards,

SECTION 19. Training Certificate – A Training Certificate shall be issued by the authorized enterprise to signify completion of the apprenticeship program in accordance with the approved training design. The Certificate shall contain a list of the units of competency acquired and shall be comparable to completion of a training program in a TVET institution.

SECTION 20. Compulsory Apprenticeship – When the national security or particular requirements of economic development so demand, the President of the Republic of the Philippines shall require compulsory training of apprentices in certain trades, occupations, jobs or employment levels where shortage of trained manpower is deemed critical as determined by the TESDA Board.

SECTION 21. Apprenticeship Training Fund – There shall be established an Apprenticeship Training Fund which shall be derived from the apprenticeship fee paid by every firm owner in industries engaging workers in apprenticeable trades. Workers who are graduates of apprenticeship programs shall likewise pay a one-time apprenticeship fee upon engagement as contribution to the apprenticeship training fund.

The apprenticeship fee rates and guidelines to be applied shall be approved by the TESDA Board after a public hearing with the management and labor sectors. The fee shall be collected and paid through the Social Security System (SSS) and transferred to the Apprenticeship Training Fund to be administered by TESDA. The apprenticeship fee rate may be increased by the TESDA Board subject to the requirements of public hearing.

The Apprenticeship Training Fund shall be deemed distinct and separate from the TESDA Development Fund under Section 31 of R.A. 7796 or the TESDA Law, and as such, shall not be subject to the Implementing Rules and Regulations of the latter. Such apprenticeship fund may be used to defray expenses of the trainees in the institution or training center as well as other expenses to be approved by the TESDA Board to improve implementation of the program.

SECTION 22. Incentives – An additional deduction from the taxable income equivalent to one-half (1/2) of the value of labor training expenses incurred for developing the productivity and efficiency of apprentices shall be granted to the person or enterprise organizing an apprenticeable program and shall be exempt from the payment of apprenticeship fee. *Provided*, that such program shall be duly recognized by TESDA. *Provided further*, that such deduction shall not exceed ten percent (10%) of

direct labor wage; and, *Provided finally*, that the person or enterprise who wishes to avail himself or itself of this incentive should pay his apprentices the minimum wage. Micro-cottage and small enterprises or those with less than 100 employees shall also be exempt from the payment of the apprenticeable fee.

SECTION 23. System of Equivalency – Apprenticeship graduates shall be awarded equivalent unit credits in the formal system of education that can be used in pursuing tertiary degree courses subject to the integrated policies and guidelines on equivalency and adult education acceleration program of the TESDA, CHED and DepEd.

SECTION 24. Implementing Rules and Regulations – The TESDA Board shall issue the Implementing Rules and Regulations within ninety (90) days after the effectivity of this Act.

SECTION 25. Penalty Clause – Any violation of the provisions of this Act or its implementing rules and regulations shall be subject to the general penalty provided for in the Labor Code as amended.

Enterprises found offering unregistered Apprenticeship programs shall be subjected to program closure proceedings without prejudice to the filing of administrative, criminal or civil liabilities.

The TESDA Board may file the necessary civil and or criminal cases as may be deemed reasonable and appropriate and after deliberation of the TESDA Board pursuant to this Act for any of the following causes:

- Fraud or deceit committed in connection with the application for the opening of apprenticeship programs; and
- Failure to comply with conditions or obligations prescribed under this Act or its implementing rules and regulations.

SECTION 26. Transitory Provision – All existing apprenticeship programs and Training Regulations shall be valid until after the TESDA shall have conducted an assessment and revalidation for consistency with the provisions of this Act and its Implementing Rules and Regulations.

Section 27. Abolition of the Learnership Program – To rationalize and ensure the effective implementation of the reformed apprenticeship program, the learnership program is hereby abolished.

SECTION 28. Repealing Clause – Pertinent provisions of P.D. 442 or the Labor Code of the Philippines as amended, Executive Order No. 111 series of 1986, R.A. No. 7796 or the TESDA Act of 1994 and all other laws, decrees, executive orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly. Any law, Presidential Decree or issuance, Executive Order, Letter of Instruction, rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SECTION 29. Separability Clause – If any provision of this Act is held invalid or unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

SECTION 30. Effectivity – This Act shall take effect after fifteen (15) days from the date of its full and complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,