



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila



**SEVENTEENTH CONGRESS**  
**Third Regular Session**  
**8575**  
House Bill No. \_\_\_\_

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Introduced by **DIWA Party-list Representative Pepito M. Pico**

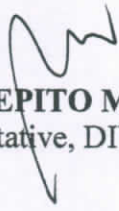
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#### **EXPLANATORY NOTE**

Youth unemployment has been one of the major concerns of the government. In 2009, half (50.8%) of the 2.83 million unemployed persons were young people, indicating that the face of unemployment in the Philippines is getting younger. The problem of high unemployment levels among the youth has been compounded by inadequate employment opportunities in the formal economy, limited labor market information and inadequate academic preparation, be it uneducated or educated, and considering the mismatch between job and skill.

The government recognizes the importance of apprenticeship program in providing the youth with appropriate skills fit to access an employment. On the other hand, industry associations see the apprenticeship program as a mechanism that would ensure a continuous supply of skilled workers. The number of enterprises participating in the program and the number of enrolled apprentices, however, remains to be relatively small and has very slow growth.

There is thus a need to institute further reforms and conduct massive advocacy on the apprenticeship program to make them more attractive to both the enterprises and the prospective apprentices, in a fervent bid to promote skills acquisition and youth development as well. Hence, passage of this important measure as a special law is earnestly sought.

  
**PEPITO M. PICO**  
Representative, DIWA Party-list



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**AN ACT**  
**PROVIDING FOR A REVISED APPRENTICESHIP PROGRAM REPEALING FOR**  
**THE PURPOSE CHAPTERS I AND II OF TITLE II OF PRESIDENTIAL DECREE**  
**NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE**  
**PHILIPPINES**

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

**SECTION 1. *Short Title.*** - This Act shall be known as the "Revised Apprenticeship Program Act".

**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 workers, enterprises, government agencies, and non-governmental organizations concerned.

**SECTION 3. *Statement of Objectives.*** - This Act aims to:

- a. Help meet the demands of the economy for trained human resource;
- b. Have a national apprenticeship program that includes an on- and off-the-job training components with tripartite involvement;
- c. Promote the engagement of young workers through training and development;
- d. Enhance existing standards for the training and development of apprentices;
- e. Recognize the indispensable role of private enterprises in the training and development of human resource;
- f. Strengthen the advocacy on the apprenticeship training program to encourage the participation of enterprises and young workers;
- g. Increase productivity and competitiveness of enterprises by ensuring the availability

- of skilled human resource; and
- h. Harness corporate social responsibility towards the development of skilled manpower to meet the requirements of industries.

**SECTION 4. *Definition of Terms.* – As used in this Act:**

- a. *Apprentice* refers to a person undergoing training for an approved apprenticeable occupation during an established period governed by an apprenticeship contract;
- b. *Apprenticeship* refers to a training within an enterprise involving a contract between an apprentice and an enterprise on an approved apprenticeable occupation;
- c. *Apprenticeable occupation* refers to an occupation officially endorsed by a tripartite body and approved for apprenticeship by the Technical Education and Skills Development Authority (TESDA);
- d. *Apprenticeship contract* refers to an agreement wherein an enterprise binds itself to train the apprentice who in turn accepts the terms of training for the recognized apprenticeable occupation. It also contains the rights, duties and responsibilities of each party;
- e. *Bipartite plant apprenticeship committee* refers to a group established by the enterprise composed of representatives of labor and management responsible for monitoring program implementation, settling differences between management and apprentices, and recommending measures for effective program implementation;
- f. *Certificate of Competency* refers to a document issued by the TESDA to individuals who are assessed as competent in a cluster of related competencies;
- g. *Certificate of TVET Program Registration* refers to a document issued by the TESDA granting an authority to an enterprise to offer a program in an apprenticeable occupation;
- h. *Cluster of competencies* refers to a group of related competencies that, while it does not satisfy the requirements of a full qualification, still constitutes an employable package and can be awarded a *Certificate of Competency*;
- i. *Competency assessment* refers to the process of gathering and judging evidence in order to decide whether a person has achieved a standard of competency; recommending measures or effective program implementation;
- j. *Competency standard* refers to 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 in the workplace;
- k. *Dual Training System* refers to a delivery system of quality technical and vocational education which requires training to be carried out alternately in two

venues: in school and in the production plant. In- school training provides the trainee the theoretical foundation, basic training, guidance and human formation. while in-plant training develops the trainee's skills and proficiency in actual work conditions as it continues to inculcate personal discipline and work values;

- l. *Enterprise* refers to a participating establishment that directly engages an apprentice based on an approved apprenticeship program;
- m. *Qualification* refers to a package of competencies describing a particular function or job role existing in an economic sector covering the work activities required to undertake a particular job;
- n. *Training plan* refers to the specification for the apprenticeship program of 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;
- o. *Unit of Competency* refers to an activity that comprises a manageable component of work described in terms of elements, performance criteria, range of variables and evidence guide.

**SECTION 5. Qualifications of an Apprentice.** – An apprentice shall have the following qualifications:

- a. 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 of providing appropriate aptitude examinations in the selection of apprentices.

**SECTION 7. Training of Apprentices.** – Only enterprises with programs registered with the 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 promulgated by the TESDA Board are automatically classified as apprenticeable. To meet the immediate requirements of enterprises for skilled workers, the TESDA Board must approve new apprenticeable occupations endorsed by the appropriate Regional Technical Education and Skills Development Committee upon consultation with workers' groups and industry representatives.

The apprenticeship program shall emphasize the need for theoretical instruction. The enterprise may seek partnership with a Technical-Vocational Education and Training (TVET) institution in its design and delivery.

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

**SEC. 10. Apprenticeship Program Registration.** - The registration of an apprenticeship program can be for a qualification, a cluster of competencies, or bundled qualifications as contained in the training regulations. A letter of application stating the intention, 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 may be approved on a no-training regulations basis provided that the applicant enterprise can show proof of the demand for such skill.

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

**SECTION 11. Contents of the Apprenticeship Contract.** — The apprenticeship contract must conform with the rules issued by the TESDA and shall include the following:

- a. Nature, syllabus, timetable, and purpose of training;
- b. 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; Provided, however, That contributions to the training allowance by government agencies and/or non-governmental organizations shall be considered in computing the seventy-five percent (75%);
- d. Schedule of training allowance payment;
- e. Training hours;
- f. Process for the termination of apprenticeship; and
- g. General rights and obligations of both parties.

**SECTION 12. Signing of the Apprenticeship Contract.** Every apprenticeship contract shall be signed by the apprentice and the enterprise, recognized organization, association or group or their authorized representatives.

An apprenticeship contract with a person under eighteen (18) years of age shall be signed by the parent or guardian of said person or, if the latter is not available by an authorized representative. 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 Act shall be approved by the bipartite plant apprenticeship committee involving the firm owner and representatives of the firm workers. Copies of the apprenticeship contract shall be furnished the firm owner and the apprentice.

**SECTION 13. Apprenticeship Models.** — Enterprises with approved apprenticeship programs 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 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, *motu proprio* or upon complaint of any interested party, shall have initial responsibility for settling differences arising out of apprenticeship contracts. In case it is not able to settle such differences, the TESDA Provincial Director shall investigate and submit a recommendation to the TESDA Regional Director who shall render a decision pursuant to pertinent rules and regulations as may be prescribed by the TESDA Board.

**SECTION 16. Appeal to the TESDA Director General.** - The decision of the TESDA Regional Director may be appealed by any aggrieved person to the TESDA Director General within five (5) days from receipt of the decision. The decision of the TESDA Director General shall be final and executory.

**SECTION 17. Termination of Apprenticeship.** -

Valid causes to terminate the apprenticeship contract:

a) *By the enterprise:*

1. Habitual absenteeism in on-the-job training and related theoretical instructions activities;
2. Willful disobedience of company rules or insubordination of lawful order of a superior;
3. Poor physical condition, prolonged illness, or permanent disability which incapacitates the apprentice from working;
4. Theft or malicious destruction of company property or equipment;
5. Inefficiency, or poor performance on the job or in the classroom for a prolonged period despite warnings duly given to the apprentice; and
6. Engaging in violence or other forms of misconduct inside the enterprise's premises.

b) *By the apprentice:*

1. Substandard or harmful working condition within the enterprise's premises;

2. Repeated violations by the enterprise of the terms of the apprenticeship agreement;
3. Cruel and inhuman treatment;
4. Personal problem which in the opinion of the apprentice shall prevent the satisfactory performance of the job by the apprentice; and
5. Bad health and continuing illness.

#### **SECTION 18. Rules and Procedure on the Termination of the Apprenticeship**

##### *a) Apprenticeship Committee Level*

1. The enterprise or apprentice interested in terminating the contract may do so by notifying first the Bipartite Plant Apprenticeship Committee.
2. The Committee confers with both parties and mediates the differences between them.
3. If mediation or settlement is not possible, the Committee advises the complainants to apply for the termination at the Regional Office concerned.

##### *b) Regional Level*

1. The complainant verbally presents the case to the TESOA Regional Office. If the complaint merits consideration, the complainant is made to duly accomplish an Application for Termination of Apprenticeship form.
2. The concerned unit or division of the TESDA Regional Office verifies the veracity and validity of the claim within five (5) days from its receipt by:
  - a. Calling both the enterprise and the apprentice for a conference; or
  - b. Sending a representative to the enterprise for that purpose.
3. In case a ground for approval exists:
  - a. The investigating officer (field representative) shall initiate the application for termination.
  - b. The chief of the concerned unit or division of the TESDA Regional Office shall verify the same.
  - c. The application for termination shall immediately be forwarded to the Regional Director for appropriate action, after which a copy of the acted upon application shall be furnished the applicant and the second party party. This process shall be completed within three (3) days from receipt of the document by the office of the concerned Regional Director.
  - d. A copy of each approved application shall be furnished to the concerned office of the TESDA.
  - e. Agency Level If either of the parties is not satisfied with the decision of the Regional Director the case may be appealed, within the reglementary period of five (5) days from receipt of the document, to the TESDA Director-General whose decision shall be final and unappealable.

**SECTION 19. Competency Assessment and Certification.** - The apprentices shall, within the apprenticeship period, undergo competency assessment for qualifications to the training regulations. A national certificate shall be issued to all those who demonstrated achievement of the competency standards.

**SECTION 20. 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 21. 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 22. Incentives.** - An additional deduction from the gross income of one-half (1/2) of the labor training expenses incurred from developing the productivity and efficiency of apprentices shall be granted to the person or enterprise organizing an apprenticeship program: *Provided*, That the employer shall be exempt from the payment of the apprenticeship fee and that such program shall be recognized by the TESDA: *Provided further*, That such deduction shall not exceed ten percent (10%) of the training allowance of the apprentices: *Provided finally*, That the enterprise that wishes to avail of this incentive shall pay its apprentices the minimum wage. Micro-cottage and small enterprises with less than one hundred (100) employees shall be exempt from paying the apprenticeship 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, the Commission on Higher Education (CHED) and the Department of Education (DepEd).

**SECTION 24. Insurance for Apprentices.** - Every participating enterprise, group or association, industry, organization, government institution or civic group undertaking training in accordance with the provisions of this Act shall provide a disability or accident insurance policy in favor of the trainee or apprentice during the apprenticeship period.

**SECTION 25. Penalty Clause.** - 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 or criminal case as may be deemed reasonable and appropriate and after the deliberation of the TESDA Board pursuant to this Act for any of the following causes:

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

Any violation of the provisions of this Act or its implementing rules and regulations shall be punished with a fine of not less than One Thousand Pesos (P1,000.00) nor more than Ten Thousand Pesos (P10,000.00), or imprisonment of not less than three months nor more than three years, or both such fine and imprisonment at the discretion of the court.

**SECTION 26. Transitory Provision.** – All existing apprenticeship programs and training regulations shall be valid until after the TESDA 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. 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 29. Repealing Clause.** – Chapters I and II of Title II of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, are hereby repealed. Executive Order No. 111 series of 1986, R.A. No. 7796 or the "TESDA Act of 1994" and all other laws, presidential decrees, issuances, executive orders, letters of instruction, and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby amended accordingly.

**SECTION 30. 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 31. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,