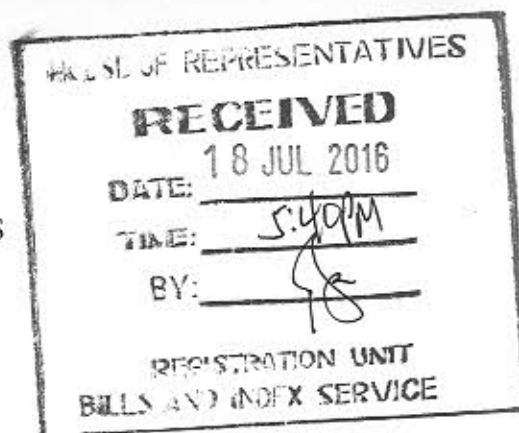


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1649



Introduced by HON. LINABELLE RUTH R. VILLARICA
4TH DISTRICT, BULACAN

EXPLANATORY NOTE

The improvement of employment opportunities in the formal economy and labor market information as well as a correct matching between jobs and skills will effectively address the soaring unemployment.

Presently, however, while the existing apprenticeship program is recognized as an important instrument in minimizing the impact of unemployment which is at 6.5% as of July 2015, its participation by industry associations and apprentices is at a slow pace. This rate is at its highest as compared to selected Asian countries like Singapore, South Korea, Thailand and China,

This proposed bill seeks to institute further reforms in the apprenticeship program to make it more attractive to both the private enterprises by ensuring a continuous supply of skilled workers and for the prospective apprentices by promoting skills acquisition and employment.

Support for the enactment of this measure is earnestly requested.

REP. LINABELLE RUTH R. VILLARICA

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Introduced by HON. LINABELLE RUTH R. VILLARICA
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AN ACT
REFORMING THE NATIONAL APPRENTICESHIP PROGRAM AND PROVIDING
STANDARDS FOR THE TRAINING AND EMPLOYMENT OF APPRENTICES, AND
REGULATORY STANDARDS FOR ACCREDITATION OF APPRENTICESHIP
PROGRAMS

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

SECTION 1. *Short Title.* – This Act shall be known as the “Apprenticeship Training Act”.

SEC. 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 critical and in-demand skills through the participation of employers, workers and government and non-government agencies.

SEC. 3. *Objectives.* – This Act specifically aims to:

- (a.) meet the demand of the economy for trained human resource;
- (b.) establish a national apprenticeship program that includes on and off on-the-job training components with tripartite involvement;
- (c.) promote full employment of young workers through training and development;
- (d.) enhance existing standards for the training, development and employment of apprentices;
- (e.) recognize the indispensable role of private enterprises in training and development;

- (f.) strengthen the advocacy of the apprenticeship training program to encourage enterprise and young workers' participation;
- (g.) increase productivity and competitiveness of enterprises by ensuring availability of skilled human resource; and
- (h.) harness Corporate Social Responsibility (CSR) towards the development of skilled manpower to meet the requirements of the industries.

SEC. 4. *Definition of Terms.* – For purposes of this Act, these terms are defined as follows:

- (a.) *Apprenticeship* is training within employment with compulsory related theoretical instructions involving a contract between an apprentice and an employer on an approved apprenticeable occupation;
- (b.) *Apprentice* is a person undergoing training for an approved apprenticeable occupation during an established period assured by an apprenticeship contract;
- (c.) *Apprenticeship Contract* is an agreement between a prospective employer who binds himself to train an apprentice and who accepts the terms of training for the recognized apprenticeable occupation;
- (d.) *Apprenticeable Occupation* is an occupation officially endorsed by a tripartite body and approved for apprenticeship by the Technical Education and Skills Development Authority (TESDA);
- (e.) *Authority* refers to the TESDA;
- (f.) *Board* refers to the TESDA Board;
- (g.) *Certificate of Technical-Vocational Education and Training (TVET) Program Registration* is a document issued by TESDA granting an authority to an enterprise to offer a program in an apprenticeable occupation;
- (h.) *Competency Assessment* is the process of determining whether or not a trainee has achieved a standard of competency;
- (i.) *Training Plan* is the specifications for the apprenticeship program for a particular enterprise which describes all the learning experiences of a trainee;
- (j.) *Competency Standard* is a written specification of the knowledge, skills, attitudes and values required for the performance of a job, occupation or trade and the corresponding standard of performance required for these in the workplace;

- (k.) *Enterprise* is a participating establishment that directly engages an apprentice based on an approved Apprenticeship Program;
- (l.) *Unit(s) of Competency* is a standard measurement to determine the performance of a trainee;
- (m.) *Cluster of Competencies* are groupings of competencies leading to the issuance of a Certificate of Competency; and
- (n.) *Qualification* is a group of competencies packaged from the supermarket of competency. It represents a clear meaningful set-up in the workplace and is aligned 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.

SEC. 5. *Qualifications of an Apprentice.* – An apprentice shall:

- (a.) Be at least thirty five (35) years of age;
- (b.) Possess vocational aptitude and capacity for apprenticeship as determined by the enterprise;
- (c.) Be of good moral character;
- (d.) Possess the ability to comprehend and follow oral and written instructions.

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

SEC. 6. *Aptitude Testing of Applicants.* – Pursuant to the minimum qualifications of apprentice-applicants required under this Act, the bipartite plant apprenticeship committees shall have the primary responsibility for providing the appropriate aptitude examinations in the selection of apprentices.

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

SEC. 8. *Content and Delivery of Apprenticeship Training Program.* – 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 worker's groups and industry representatives.

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

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

SEC. 10. *Apprenticeship Program Registration.* – Registration of program can be for a qualification, for cluster of competencies or for a bundled qualification 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. Program Registration shall be issued to the enterprise to signify authorization for specific qualification of 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.

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

Enterprises found offering apprenticeship programs which are not registered with TESDA shall be subjected to program closure proceedings without prejudice to the filing of administrative, criminal or civil liabilities.

SEC. 11. *Contents of Apprenticeship Contract.* – Apprenticeship Contracts shall concur with 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 as prescribed by the 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 for apprenticeship; and

(g.) The general rights and obligations of both parties.

SEC. 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 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 authorized representative of the TESDA, and the same shall be binding during its lifetime, subject to the right of the apprentice to terminate the same after a notice of one (1) month.

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, and copies thereof shall be furnished the firm owner and apprentice.

SEC. 13. *Apprenticeship Schemes.* – Enterprises with approved apprenticeship program may choose from any of the following apprenticeship schemes 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.

SEC. 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.

SEC. 15. *Investigation of Violation of Apprenticeship Contract.* – The bipartite plan 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.

SEC. 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.

SEC. 17. *Termination of Apprenticeship.* –

I. Valid cause to terminate the Apprenticeship Contract:

1. By the employer:

- (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 apprentice from working;
- (d.) Theft of 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 employer's premises.

2. By the apprentice:

- (a.) Substandard or deleterious working condition within the employer/s premises;
- (b.) Repeated violations by the employer of the terms of the apprenticeship agreement;
- (c.) Cruel and inhuman treatment by the employer or his subordinates;
- (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 of termination of apprenticeship:

1. Apprenticeship Committee Level:

- (a.) The party (employer or apprentice) interested in terminating the contract may do so, first, by notifying 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 accomplish an "Application for Termination of Apprenticeship" form;
- (b.) The Division verifies as to the veracity and validity of the claim within five (5) days from receipt thereof –
 - 1.) By calling both parties (employer and apprentice) for conference; or
 - 2.) By sending a representative to the employer's concern for the purpose;
 - 3.) In case the grounds for approval exist –
 - 1) The investigating officer (field representative) initiate the application; and
 - 2) The Chief of the Apprenticeship Division verified the same;
 - 3) The application is then immediately forwarded to the Regional Director for appropriate action; after which a copy of the acted application is furnished each the applicant and the second party; these processes are to 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 is 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.

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

SEC. 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 the completion of a training program in a TVET institution.

SEC. 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 apprenticeship in certain trades, occupations, jobs or employment levels where shortage of trained manpower is deemed critical as determined by the TESDA Board.

SEC. 21. *Apprenticeship Training Fund.* – There shall be an apprenticeship training fund which shall be derived from the apprenticeship fee paid by every firm owner in industries employing workers in apprenticeable trades. Workers who are graduates of apprenticeship programs shall likewise pay a one-time apprenticeship fee upon employment 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, otherwise known as the TESDA law, and as such, shall not be subject to its Implementing Rules and Regulations. 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 the implementation of the program.

SEC. 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 is duly recognized by TESDA. *Provided, further, That* such

deduction shall not exceed ten percent (10%) of the 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.

SEC. 23. *Exemption from Probationary Employment: System of Equivalency.* – Certified apprenticeship graduates shall be exempted from probationary employment. They shall be employed as regular workers if chosen to be retained by the enterprise.

Apprenticeship graduates shall likewise 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 TESDA, CHED and DepEd.

SEC. 24. *Implementing Rules and Regulations.* – The TESDA Board shall issue the implementing rules and regulations to implement the provisions of this Act within ninety (90) days after its effectivity.

SEC. 25. *Transitory Provisions.* – All existing apprenticeship programs and training regulations shall be valid until after the TESDA has conducted an assessment and revalidation for consistency with the provisions of this Act and its implementing rules and regulations.

SEC. 26. *Repealing Clause.* – The pertinent provisions of Presidential Decree No. 442 or the Labor Code of the Philippines, as amended, Executive Order No. 111, series of 1986, R.A. No. 7796, otherwise known as the TESDA law and all other laws, decrees, executive orders, rules and regulations, letters of instruction contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 27. *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.

SEC. 28. *Effectivity.* – This Act shall take effect after fifteen (15) days from the date of its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,