

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
Second Regular Session

HOUSE BILL NO. **5879**



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**INTRODUCED BY REPRESENTATIVE ALFRED VARGAS**

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**EXPLANATORY NOTE**

President Rodrigo Duterte recently signed the Executive Order 5 which adopts the 25-year long term vision entitled *AmbisyonNatin 2040* as a guide for development planning. The *AmbisyonNatin 2040*, initiated by the National Economic and Development Authority, represents the aspirations of the Filipino people and describes the kind of life that people want to live, as well as how the country will look like by 2040.

According to the studies supporting the *AmbisyonNatin 2040*, 79% of Filipinos aspire for a simple and comfortable life which includes having opportunities for good quality employment without leaving the country. However, 48.5% of Filipinos are not fully confident that they can reach their goals.

One of the challenges hindering the country from achieving the vision is unemployment. As of January 2017, the Philippine Statistics Authority recorded the Philippine unemployment rate at 6.6 percent<sup>1</sup>. While there are thousands of jobs available for the Filipinos, many of them do not possess the required qualifications for these opportunities.

This bill seeks address the job-skill mismatch in the country and reform the existing national apprenticeship program by providing the youth with the appropriate skills and access to employment. A worker who is at least 15 years of age is qualified to be an apprentice. The proposed apprenticeship law recognizes the advantages of work-based training which allows our young workers to learn from experienced workers.

The proposal also sets the duration of the training according to the complexity of the skills to be learned by the apprentices, thus expanding the maximum training period of six months under the existing apprenticeship programs.

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<sup>1</sup> Retrieved from [<https://psa.gov.ph/content/employment-rate-january-2017-estimated-934-percent>] on 05 June 2017

The proposed apprenticeship program provides young apprentices with the opportunity to earn while they learn as they are entitled to a training allowance which should not be below 75%.

The bill also introduces a provision on the issuance of training certificates to apprentices who have completed the apprenticeship program comparable to the completion of a training program in a Technical-Vocational Education and Training institution, and the award of equivalent unit credits in the formal system of education. The apprentice may use the National Certificate should he desire to pursue tertiary education.

As for the participating enterprises, they are entitled to get an additional deduction from the taxable income equivalent to one half of the value of training expenses incurred for developing the productivity and efficiency of apprentices.

This initiative will not only increase the employability of the youth but will also provide Philippine enterprises with a mechanism to ensure a continuous supply of skilled workers. Thus, the immediate passage of this bill is earnestly sought.



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**AN ACT**

**PROVIDING FOR A REVISED NATIONAL APPRENTICESHIP PROGRAM, CLARIFYING THE STANDARDS FOR TRAINING AND ENGAGEMENT OF APPRENTICES AND ACCREDITATION OF APPRENTICESHIP PROGRAMS, REPEALING FOR THE PURPOSE CHAPTERS I AND II OF TITLE II, BOOK II OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AND FOR OTHER PURPOSES**

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 “Apprenticeship Training System Act.”

**SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to establish an apprenticeship program that will ensure the availability of qualified human resource in critical, in-demand and hard-to-fill occupations through the participation of employers, workers and government agencies and non-government agencies.

**Sec. 3. Statement of Objectives.** – This Act aims to:

- (a) Help meet the demand of the economy for best-fit, competitive and trained human resource;
- (b) Have a national apprenticeship program that includes on and off-the-job training components with tripartite involvement;
- (c) Promote full employment of youth and young workers through training and development;
- (d) Enhance existing standards for the training, development and employability of apprentices;
- (e) Recognize the indispensable role of private enterprises in training and development;

- (f) Strengthen 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 human resource to meet the requirements of the industries.

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

- (a) **Apprentice** refers to a person undergoing training for an approved apprenticeable occupation during an established period assured by an apprenticeship contract.
- (b) **Apprenticeable Occupation** refers to an occupation specified by an industry and approved for apprenticeship by TESDA subject to the criteria set under Section 9 hereof.
- (c) **Apprenticeship** means training within an enterprise with compulsory related theoretical instructions involving a contract between an apprentice and an enterprise on an approved apprenticeable occupation.
- (d) **Apprenticeship Contract** means an agreement wherein an enterprise binds itself to train the apprentice who in turn accepts the terms of training for the recognized apprenticeable occupation. The Apprenticeship contract also contains the rights, duties and responsibilities of each party.
- (e) **Authority** refers to the Technical Education and Skills Development Authority or TESDA.
- (f) **Bipartite Enterprise Apprenticeship Committee** refers to a group within the enterprise composed of the labor and the management responsible for monitoring the program implementation, settling differences between management and apprentices and recommending measures for effective implementation.
- (g) **Board** refers to the TESDA Board.
- (h) **Certificate of Competency** means a document issued by the Authority to individuals who were assessed as competent in a single unit or cluster of related units of competency.

- (i) **Certificate of Apprenticeship Program Registration** refers to a document issued by TESDA granting an authority to an enterprise to offer a program in an apprenticeable occupation.
- (j) **Cluster of Competencies** refers to a group of competencies as defined in the Training Regulations that corresponds to a Certificate of Competency. A cluster of units of competency includes the basic, common, and core competency that can be offered as registered program.
- (k) **Competency Assessment** refers to the process of determining the competency of a person undergoing apprenticeship based on established standards of competency
- (l) **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 for those in the workplace.
- (m) **Enterprise** refers to a participating establishment or organization or the Government that directly engages an apprentice based on an approved Enterprise Apprenticeship Program.
- (n) **Industry Board/Body** refers to industry organizations recognized by the Authority according to set guidelines.
- (o) **Methods of Competency Assessment** refers to the different means/ways of gathering the required evidences and making judgment whether the competency has been achieved.
- (p) **National Certificate** refers to a document issued to individuals who have demonstrated achievement of all the required units of competency of national qualification defined under the promulgated Training Regulations.
- (q) **On-the-Job Training** refers to a course of study designed to provide practical experiences applying previously studied theories and aims to provide students an opportunity to understand economic, social and cultural realities by allowing them to interact and relate with the community.
- (r) **Qualification** refers to a formal certification that a person has successfully achieved learning outcomes relevant to the identified academic, industry or community requirements. A qualification confers official recognition of value in the labor market and in further education and training.
- (s) **Training Plan** refers to an Enterprise Apprenticeship Program which described all the learning experience an apprentice must

undergo, generally including the competencies to be acquired within the program, the underpinning knowledge and skills, theories and principles and the methods of competency assessment.

- (t) **Training Regulation** refers to the package of competency standard, national qualification, training standards, and assessment and certification arrangements. These spell out the parameters for ensuring the quality in delivery of a Technical-Vocational Education and Training (TVET) program. They also serve as the bases for competency assessment and certification, registration and delivery of TVET programs, and development of curriculum and assessment instruments.
- (u) **Unit of Competency** refers to an activity that comprises a manageable component of work. In competency standards, each unit of competency is described in terms of elements, performance criteria, range of variables and evidence guide.

**SEC. 5. Apprenticeable Occupation.** – An apprenticeable occupation is one which is specified by the Industry Board/Body, approved by the TESDA Board and which must:

- (a) Involve skills that are customarily learned through a structured, systematic program of on-the-job supervised learning and involves the progressive attainment of manual, mechanical or technical skills and knowledge which in accordance with the industry standard for the occupation, would require the completion of at least six (6) months of on-the-job and off-the-job learning;
- (b) Be clearly identified and commonly recognized throughout an industry;
- (c) Require related theoretical instruction to supplement the on-the-job learning.

Provided, however, that apprenticeship does not include On-The-Job Training (OJT) required by education and training institutions as part of their curriculum.

**SEC. 6. 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, provided, that the period shall not be less than six months.

**SEC. 7. Apprenticeship Program Registration.** –The Apprenticeship Program shall be submitted for approval to, and registered with, TESDA. It may be:

- (a) For a qualification;

- (b) For cluster of competencies; or
- (c) For a bundled set of qualifications as contained in the Training Regulations as applicable, or based on industry specific standards.

The application for registration shall include, among others, the Certificate of Undertaking, the Training Plan and the creation of the Bipartite Enterprise Apprenticeship Committee.

A Certificate of Apprenticeship Program Registration shall be issued to the enterprise to signify authorization for specific qualification or competency clusters.

Prior to registration, an enterprise shall execute an undertaking to:

- (a) Implement the Apprenticeship Program with fairness, honesty and good faith;
- (b) Ensure that it will not employ any practice that will violate, impair, or abuse the rights of apprentices; and
- (c) Submit material information on its Apprenticeship Program, including regulatory compliance and apprenticeship contracts, to an industry association which shall make such information available to the public.

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

**SEC. 8. Bipartite Enterprise Apprenticeship Committee.** - There shall be established in every enterprise applying for an Apprenticeship Program, a Bipartite Enterprise Apprenticeship Committee composed of labor and management. The Committee shall be responsible for monitoring the program implementation, settling differences between management and apprentices and recommending measures for effective program implementation.

For unionized enterprises, the employees' representative shall come from the existing labor unions, while employees' representatives in non-unionized enterprises shall be elected by the employees of the enterprise.

**SEC. 9. Apprenticeship Training Program Content and Delivery.** - All existing qualifications with Training Regulations (TRs) shall undergo mandatory review by the TESDA Board before they are reclassified as apprenticeable. All Training Regulations shall be based on set criteria, which must include, but not be limited to (a) priority needs of the industry/sector; (b) nationwide application in terms of public interest/welfare; (c) employment generation and investment opportunities; and (d) need for standardization and certification.

To meet the immediate requirements of enterprises for skilled workers, the TESDA Board may approve apprenticeable occupations endorsed by the industry board/body 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 recognized education and training institution in the design and delivery of theoretical instruction.

**SEC. 10. Training of Apprentices.** – Only enterprises with Apprenticeship Programs registered with TESDA can enter into apprenticeship contracts and train apprentices in approved apprenticeable occupations.

The enterprises shall be responsible for the following:

- (a) Ensure that the necessary abilities and knowledge for the apprentice to achieve the purpose of the training are imparted to the apprentice and shall provide such training systematically in accordance with an approved Training Plan;
- (b) Appointment the training officer to implement the Training Plan;
- (c) Make available, free of charge, the consumable materials and basic hand tools and equipment necessary for the training;
- (d) Allow the apprentice to attend in-school training and to sit for the competency assessment;
- (e) Require the apprentice to keep an update report book and inspect such books;
- (f) Ensure that the apprentice is encouraged to develop personality;
- (g) Ensure that the apprentice is protected from physical or moral danger; and
- (h) Entrust to the apprentice such jobs as are related to the purpose of the training and are commensurate with the apprentice's capabilities.

**SEC. 11. Qualifications of an Apprentice.** To qualify as an apprentice, a person shall:

- (a) Be at least fifteen (15) years of age, provided, that an apprentice below eighteen (18) years of age shall not be exposed to dangerous or hazardous occupations;



- (b) Possess good moral character, vocational aptitude and capacity for apprenticeship as determined by the enterprise; and
- (c) Possess 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.

**SEC. 12. Aptitude Testing of Applicants.** – Any person to be engaged as apprentice shall undergo the appropriate aptitude examinations which shall be administered by the Bipartite Enterprise Apprenticeship Committee.

**SEC. 13. Signing of Apprenticeship Contract.** – Every apprenticeship contract shall be signed by the enterprise owner or his/her authorized representative and the apprentice.

An apprenticeship contract with an apprentice of below eighteen (18) years old shall be signed in his/her behalf by his/her parent or guardian, subject to the right of the apprentice to terminate the same after thirty (30) days' prior notice.

Every apprenticeship contract entered into under this Section shall be approved by the Bipartite Enterprise Apprenticeship Committee and copies thereof shall be furnished the management and the apprentice.

No enterprise shall be allowed to engage apprentices more than twenty percent (20%) of the total number of its regular employees, provided, that the TESDA Board may, upon recommendation of the Industry Board/Body may increase the cap, if necessary; provided further, that any person who shall be engaged as an apprentice in excess of the threshold herein provided shall be considered as a regular employee of the enterprise concerned.

**SEC. 14. Contents of Apprenticeship Contract.** – The Apprenticeship contract shall conform with the rules issued by TESDA and shall include:

- (a) Competencies that will be acquired within the apprenticeship program based on the Training Plan and the method of competency assessment;
- (b) The period of training depending on the approved Training Plan;
- (c) Training allowance, which in no case shall be below seventy-five percent (75%) of the applicable minimum wage, provided, that the allowance shall be increased in an amount to be set by the TESDA Board upon recommendation of the recognized Industry Board/Body based on acquired competency of the apprentice; provided further, that contributions to the training allowance by government agencies and/or non-governmental organizations

shall be considered in computing the said seventy-five percent (75%);

- (d) A schedule of training allowance payment; and
- (e) An undertaking from the enterprise that it shall provide a disability and/or accident insurance policy in favor of the apprentice during the apprenticeship period; and
- (f) The general rights and obligations of both parties, grounds for termination of the contract and the process for the termination of the apprenticeship contract.

The approved training plan shall be attached in the contract.

**SEC. 15. Apprenticeship Schemes.** – Enterprises with approved apprenticeship program may choose from any of the following apprenticeship schemes:

- (a) Involving a company or group of companies and an identified education and training institution;
- (b) Conducted entirely by a company with demonstrated capacity to conduct theoretical instruction;
- (c) Other schemes to be established by the TESDA in consultation with enterprise management, labor and training institutions and subject to the approval of the TESDA Board;

**SEC. 16. Competency Assessment and Certification.** – The apprentice shall undergo competency assessment for qualifications within the apprenticeship period and shall be issued the appropriate competency certificate after he/she has demonstrated achievement of the competency standards.

**SEC. 17. Training Certificate and System of Equivalency.** – A Training Certificate shall be issued by the authorized enterprise to signify completion of the apprenticeship program in accordance with the approved training program. The Certificate shall contain a list of the units of competency acquired and shall be comparable to completion of a training program in a Technical-Vocational Education and training institution.

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, standards and guidelines on equivalency and adult education acceleration program of the TESDA, Commission on Higher Education (CHED) and the Department of Education (DepEd).

**SEC. 18. Apprenticeship Administration.** – TESDA shall be responsible for the implementation of the apprenticeship program as provided for in this Act.

For this purpose, TESDA shall conduct a regular compliance audit of enterprises with registered apprenticeship program.

The TESDA Board shall set up the overall apprenticeship policy and standards.

The TESDA Secretariat shall be responsible for apprenticeship administration, monitoring and evaluation of the training.

There shall be TESDA recognized Industry Boards/Bodies which shall determine and recommend to the TESDA Board whether an occupation is apprenticeable and perform such other function as may be necessary.

**SEC. 19. Violation and Termination of Apprenticeship Contract.** – The Bipartite Enterprise Apprenticeship Committee shall have authority to settle differences arising out of apprenticeship contracts upon complaints of any interested person or upon its own initiative. In the event that the Bipartite Enterprise Apprenticeship Committee shall be unable 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.

The decision of the TESDA Secretariat or its authorized representative may be appealed by any aggrieved person to the TESDA Director General within five (5) days from the receipt of the decision. The decision of the TESDA Director General shall be final and executory.

The rules and procedures on the termination of Apprenticeship Contract shall be promulgated by the TESDA Board.

The Apprenticeship Contract shall be terminated on any of the grounds stipulated thereunder, subject to the rules on due process. The Notice of Termination shall be filed with the Bipartite Enterprise Apprenticeship Committee for conciliation and settlement of issues. In the absence of settlement or agreement, the same shall be elevated to the TESDA Secretariat or its authorized representative pursuant to the pertinent rules and regulations of the TESDA Board.

**SEC. 20. Violation of this Act.** – Any violation of the provisions of this Act shall be under the jurisdiction of TESDA through its regional offices. If the violation constitutes deficiency of labor standards and other labor laws, TESDA, through its regional offices, shall endorse the same to the appropriate regional offices of the Department of Labor and Employment (DOLE).

**SEC. 21. Violation of Labor Standards and Other Labor-Related Laws.** – Any violation of general labor standards, occupational safety and health standards and other labor-related laws shall be under the jurisdiction of the DOLE through its regional offices, pursuant to Article 128 of the Labor Code of the Philippines, as amended.

**SEC. 22. Compulsory Apprenticeship** – When the national security of 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 human resources deemed critical as recommended by the TESDA Board.

**SEC. 23. Incentives.** – An additional deduction from the taxable income equivalent to one-half (1/2) of the value of training expenses incurred for developing the productivity and efficiency of apprentices program shall be granted to the person or enterprise organizing an apprenticeship program; provided, that such program is 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 of this incentive shall pay the apprentices Training Allowance equivalent to the applicable minimum wage.

**SEC. 24. Exemption from Probationary Employment.** – Certified apprentices shall be exempted from probationary employment in the event that they are employed in occupations requiring the same skills and qualifications standards which they shall have obtained upon passing the competency assessment as provided under Section 16 of this Act.

**SEC. 25. Penalty Clause.** – The TESDA Secretariat shall have the power to initiate program closure proceedings of enterprises found offering unregistered apprenticeship programs without prejudice to the filing of administrative, criminal or civil liabilities, which may include 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.

**SEC. 26. Implementing Rules and Regulations.** – The TESDA Chairperson shall, after consultation with the National Tripartite Industrial Peace Council (NTIPC) and other relevant stakeholders, issue the implementing rules and regulations within ninety (90) days after the effectivity of this Act.

**SEC. 27. Transitory Provision.** – 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.28. Sunset Provision.** – Four (4) years after the effectivity of this Act, the TESDA Board shall conduct a review of its implementation and submit a report to Congress within thirty (30) days after the conclusion of the review.

**SEC. 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.

**SEC. 30. Repealing Clause.** – Chapter I (Apprentices) and Chapter II (Learners), Title II, Book II and other pertinent provisions of Presidential decree 442, or the Labor Code of the Philippines, as amended, Executive Order No. 1111, Series of 1986, RA7796 or the TESDA Act of 1994, and all other laws, decrees, executive orders and rules and regulations contrary to or in consistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 31. 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 circulations.

Approved,