

REPUBLIC OF THE PHILIPPINES }
CONGRESS OF THE PHILIPPINES }
 Second Regular Session

S. No. 1516
H. No. 10450

REPUBLIC ACT NO. 7686

AN ACT TO STRENGTHEN MANPOWER EDUCATION AND TRAINING IN THE PHILIPPINES BY INSTITUTIONALIZING THE DUAL TRAINING SYSTEM AS AN INSTRUCTIONAL DELIVERY SYSTEM OF TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING, PROVIDING THE MECHANISM, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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 "Dual Training System Act of 1994."

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to strengthen manpower education and training in the country so that the latter may be assured of an ever growing supply of an educated and skilled manpower equipped with appropriate skills and desirable work habits and attitudes. The Dual Training System, as successfully tested in some highly developed countries, shall be adopted in duly accredited vocational and technical schools, in cooperation with accredited agricultural, industrial and business establishments, as one of the preferred means of creating a dependable pool of well-trained operators, craftsmen and technicians for the economy.

SEC. 3. *Objectives.* – This Act shall have the following objectives:

(a) encourage increasing utilization of the dual system in technical and vocational education and training by both public and private schools within the context of the existing education system;

(b) encourage increasing levels of investment in technical and vocational education and training by both public and private sectors specially in the rural areas;

(c) enhance the employability and productivity of graduates by equipping them with analytical and creative thinking and problem-solving abilities; manipulative competencies which meet occupational standards and requirements; values and attitudes with emphasis on work ethics, quality orientation, discipline, honesty, self-reliance and patriotism; and

(d) strengthen training cooperation between agricultural, industrial and business establishments and educational institutions by designing and implementing relevant training programs in close coordination with concerned local government units.

SEC. 4. *Definition of Terms.* – For purposes of this Act, the following terms shall mean:

(a) "Appropriate Authority" refers to the government entity in-charge of formal technical and vocational education training.

(b) "Dual Training System" refers to an instructional delivery system of technical and vocational education and training that combines in-plant training and in-school training based on a training plan collaboratively designed and implemented by an accredited dual system educational institution/training center and accredited dual system agricultural, industrial and business establishments with prior notice and advise to the local government unit concerned. Under this system, said establishments and the educational institution share the responsibility of providing the trainee with the best possible job qualifications, the former essentially through practical training and the latter by securing an adequate level of specific, general and occupation-related theoretical institution. The word "dual" refers to the two parties providing instruction: the concept "system" means that the two instructing parties do not operate independently of one another, but rather coordinate their efforts.

(c) "Trainee" refers to a person qualified to undergo the dual training system for the purpose of acquiring and developing job qualifications.

(d) "Accredited Dual Training System Educational Institution/Training Center" refers to a public or private institution duly recognized and authorized by the appropriate authority, in coordination with the business and industry, to participate in the dual training system.

(e) "Establishments" refer to enterprises and/or service of agricultural, industrial, or business establishments.

(f) "Accredited Dual Training System Agricultural, Industrial and Business Establishments" hereinafter referred to as agricultural, industrial and business establishments, refer to a sole proprietorship, partnership, corporation or cooperative which is duly recognized and authorized by the appropriate authority to participate in the dual training system educational institution.

SEC. 5. *Institutionalization of the Dual Training System.* – The dual training system, hereafter referred to as the System, is hereby institutionalized in the Philippines in accordance with the provisions of this Act.

SEC. 6. *Coverage.* – This Act shall apply to all public and private educational institutions/training centers and agricultural, industrial and business establishments duly accredited to participate in dual training system.

SEC. 7. *Planning and Coordination.* – The appropriate authority shall plan, set standards, coordinate, monitor, and allocate resources in support of the implementation of the System.

Every accredited educational institution/training center shall establish an industrial coordinating office which shall supervise the in-plant training: *Provided, That*, the industrial establishment shall be required to furnish the educational institution with the necessary information for the purpose of supervision.

The industrial coordinating office shall be headed by an industrial coordinator with, at least, an officer level rank. The industrial coordinator may be assisted by such other personnel as may be necessary for the effective discharge of the functions of the office.

SEC. 8. *Status of Trainee.* – For the duration of the training under the System, the trainee is to be considered not an employee of the business/industrial establishment but rather a trainee of both the Accredited Dual Training System Educational Institution and the agricultural, industrial and business establishments: *Provided, That*, the union or the workers of the latter have been duly informed in advance of such an agreement.

A trainee who has successfully completed a training program in a particular agricultural, industrial or business establishment shall be given priority of employment in that agricultural, industrial or business establishment. The appropriate authority shall keep a roll of these successful trainees for purposes of identifying them for employment.

SEC. 9. *Incentives for Participating Establishments.*– To encourage agricultural, industrial and business establishments to participate in the System, they shall be allowed to deduct from their taxable income the amount of fifty percent (50%) of the actual system expenses paid to the Accredited Dual Training System Educational Institution for the establishment's trainees: *Provided, That* such expenses shall not exceed five percent (5%) of their total direct labor expenses but in no case to exceed Twenty-five million pesos (P25,000,000) a year.

Donations for the operation of the System shall be deductible from the taxable income of the donors.

The Department of Finance shall issue the necessary rules and regulations for the purpose of tax incentives provided herein.

SEC. 10. *Obligations of Accredited Agricultural, Industrial and Business Establishments.* – The agricultural, industrial and business establishments shall:

(a) ensure that the necessary abilities and knowledge for the trainee to achieve the purpose of his training are imparted to him and shall provide such training systematically in accordance with an approved training plan;

(b) appoint 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 his training;

(d) allow the trainee to attend his in-school training and to sit for his examinations;

(e) require the trainee to keep his report book up-to-date and inspect such books;

(f) ensure that the trainee is encouraged to develop his personality and that he is protected from physical or moral danger;

(g) entrust to the trainee such jobs as are related to the purpose of his training and are commensurate with his capabilities;

(h) pay to the accredited educational institution/training center the daily allowance of the trainee; and

(i) allow the trainee the necessary time-off for his in-school training.

SEC. 11. *Obligations of the Trainee.* – A trainee shall exert every effort to acquire the abilities and knowledge necessary for him to achieve the purpose of his training. Towards this end, he shall:

(a) carefully perform the jobs entrusted to him as part of his training;

(b) take part in training programs for which he has been granted time-off under this Act;

(c) follow the instruction given to him as part of his training by the training officer or any other person entitled to give him such instructions;

(d) observe rules of behavior in the training premises;

(e) use tools, instruments, machines, and other equipment with due care;

(f) not reveal any business nor trade secrets that have come to his knowledge in the course of his training; and

(g) keep his record books up-to-date.

SEC. 12. *Obligations of the Accredited Educational Institutions/Training Centers.* – The educational institutions/training centers that have entered into a memorandum of agreement with agricultural, industrial or business establishments to undertake training shall:

(a) design, implement, and evaluate jointly the training plan with the accredited establishments;

(b) provide specific, general, and occupation-related theoretical instruction;

(c) appoint industrial coordinators to supervise the in-plant training;

(d) pay the trainee his daily allowance; and

(e) perform such other tasks and activities as may be necessary and in furtherance of the objectives of the training.

SEC. 13. *Non-diminution of Incentives.* – Nothing in this Act shall be construed to diminish or reduce any privilege already enjoyed by the parties concerned under existing laws, decrees, or executive order.

SEC. 14. *Signing of Memorandum of Agreement by the Accredited Dual Training System Agricultural, Industrial and Business Establishments, the Accredited Dual Training System Educational Institution / Training Center, and the Trainee.* – Before an individual establishment begins with an accredited education institution/training center and the trainee or his representative, the individual establishment shall provide the accredited educational institution/training center and the trainee with a copy of the signed agreement.

The memorandum of agreement shall set forth, among others, the following:

- (a) the training plan;
 - (b) the nature and objective of the training;
 - (c) the commencement and duration of the training period, including the total number of in-school and in-plant training hours;
 - (d) the normal daily training hours;
 - (e) the trainee's allowance and the rate to be applied, which in no case shall start below seventy-five percent (75%) of the applicable minimum daily wage for days spent in the establishments;
 - (f) the rights and obligations of the parties concerned in addition to those provided in Sections 10, 11, and 12;
 - (g) the definition of the status of the trainee according to Section 8 of this Act;
 - (h) the conditions for the termination of the training agreement;
 - (i) the performance, monitoring and evaluation system;
- and

(j) such other essential particulars as would mutually benefit all parties concerned.

SEC. 15. *Insurance Coverage of the Trainee.* – Every agricultural, industrial and business establishment undertaking training, in accordance with the provisions of this Act, shall sign a life and/or accident insurance policy on the life of the trainee with the insured and the spouse, children or parents of the trainee as the beneficiaries thereof: *Provided*, That, the agricultural, industrial and business establishments shall pay for the premiums of said insurance policy.

SEC. 16. *Revolving Fund.* – Any law, rule or regulation to the contrary notwithstanding, the Accredited Dual Training System Educational Institution/Training Center is hereby authorized to retain as a revolving fund, the amount paid to it by the agricultural, industrial and business establishments representing the actual dual training expenses. The fund shall be used to improve the operation of dual training system.

SEC. 17. *Implementing Rules.* – The appropriate authority and the Department of Finance, upon prior consultation with the business and industry concerned, shall issue the necessary rules and regulations for the effective implementation of this Act within a period of ninety (90) days after its effectivity. Any violation of this Section shall render the concerned official/s liable under R.A. No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" and other existing administrative and/or criminal laws.

SEC. 18. *Other Exemption from Taxes and Duties.* – Any donation, contribution, bequest, subsidy, or financial aid which may be made for the operation of the System shall constitute as allowable deduction from the income of the donors for income tax purposes and shall be exempt from donor's tax, subject to such conditions as provided under the National Internal Revenue Code, as amended. Essential equipment, apparatus and materials imported by accredited dual training private educational institutions shall be exempt from taxes and duties: *Provided*, That the importation of these items shall be subject to the following qualifications:

(a) that the importation shall be certified by the appropriate authority;

(b) that they should be actually, directly, and exclusively used in connection with the dual training system and any unauthorized use shall subject the accredited dual training private educational institutions to payment of taxes and duties due thereon; and

(c) that they are not available locally in sufficient quantity of comparable quality, and at reasonable prices:

Provided, however, That taxes and duties pertaining to the importations of accredited government and dual training educational institutions are deemed automatically appropriated.

The Department of Finance shall formulate the necessary rules and regulations to implement the provisions of this section.

SEC. 19. *Appropriations.* – For the initial implementation of this Act, an amount of One million pesos (P1,000,000) shall be charged against the current year's appropriation of the contingency fund. Thereafter, such sums as may be necessary for its continued implementation shall be included in the annual General Appropriations Act.

SEC. 20. *Separability Clause.* – If for any reason any provision of this Act is declared invalid or unconstitutional, the rest shall not be affected thereby.

SEC. 21. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 22. *Effectivity.* – This Act shall take effect after completion of its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved, February 25, 1994.