


**FOURTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
First Regular Session**

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8 JUN 29 1975

**SENATE**

RECEIVED BY: 

**S. No. 2035**

Introduced by Senator Benigno S. Aquino III

**EXPLANATORY NOTE**

The government owes its taxpayers the guaranty that all its expenditures of public funds will redound to their maximum benefit without incurring any redundant or superfluous costs.

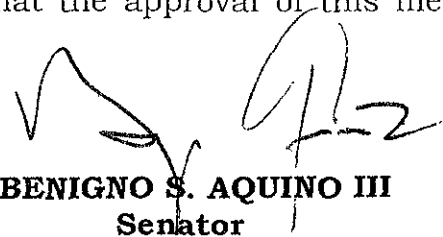
The prevailing system induces contractors to come up with projects that meet only the barest of criteria because their obsolescence promotes the possibility of another contract. The contractor will see its future profits emanating from projects that have lasted only for the duration of the warranty period.

Under this situation, the general public will be prejudiced twice: First, when their right to the continued and uninterrupted use of the infrastructure is interrupted; and second, when the public funds are again used for the repairs, maintenance works and/or replacement of infrastructures that did not meet its nominal life expectancy.

This bill seeks to correct this unwarranted situation by raising the standards in the construction of all public infrastructures. Under this proposed legislation, the contractor's strict observance to plans and specifications assures him of maximizing profits. No additional costs will accrue on his part if the project he finished is compliant with established government standards. The contractor's profits thus depend largely on the quality of their work. Conversely, the more expenses for repairs, maintenance and replacement of the infrastructure projects, the less profit for the contractors.

Accordingly, both the public as well as the contractors mutually benefit from this proposal as proper construction of the project will assure them of maximizing profits and in turn the public continuously uses the infrastructure without the unnecessary delay and inconvenience caused by faulty and defective infrastructure.

It is for the above reasons, that the approval of this measure is earnestly requested.

  
**BENIGNO S. AQUINO III**  
Senator



(e) **Proponent** means any agency of the National Government, its departments, bureaus, offices and agencies including government owned and controlled corporations and Local Government Units undertaking any public infrastructure project whether through bidding or any other modes allowed by law.

**SEC.4. Conditions for the award of an infrastructure project.** - In addition to the legal requirements on contractors awarded any public infrastructure project, the following conditions shall be included in any contract or agreement covering the construction of any public infrastructure. That:

(a) The contractor shall undertake all necessary repair, maintenance and preservation works on the infrastructure or when determined by the Bureau to replace the same at its expense and within the time period herein provided.

(b) The contractor shall post a performance bond, in such amount as determined by the DPWH in consultation with the proponent to be sufficient to cover any repair, maintenance for the entire life of the infrastructure as well as the possible replacement thereof and such bond shall be renewed annually. The bond shall be secured from a bonding company of good standing as certified by the Insurance Commission and duly accredited by the DPWH and shall remain in effect during the projected life of the infrastructure.

**SEC.5. Regular and Periodic Inspection.** - The Bureau of Maintenance shall conduct a regular and periodic inspection of the public infrastructure or whenever requested by the proponent. The result of the inspection shall be in the form of a written report and shall be available to the public.

**SEC. 6. Contested Report.** - In the event the report of the Bureau is contested by either or both the Proponent and the Contractor, the Bureau of Maintenance may conduct another inspection in their presence. The findings of the Bureau shall be appealable to the Secretary of the DPWH within fifteen (15) days from the issuance or receipt of the findings. The Secretary of the DPWH shall render a decision within thirty (30) days from receipt of the appeal which shall be final and executory.

**SEC. 7. Repair, Maintenance and Replacement.** - All necessary repairs, maintenance and preservation works including the replacement of the infrastructure shall commence within a reasonable time as determined by the Bureau or the Secretary of the DPWH but in no case beyond thirty (30) days from notice to the contractor to do any of the above undertakings. Unless, for reasons of *force majeure* or fortuitous event and an extension is requested by the contractor and approved by the Bureau or the Secretary of the DPWH, all works required to be done shall be completed within the period set by the Bureau or the Secretary of the DPWH. A schedule of work and timetable shall be issued by the Bureau or the Secretary of the DPWH to prevent unwarranted disruption or inconvenience to the general public.

**SEC. 8. Penalties.** - Unjustified failure by the contractor to commence and complete the necessary repairs, maintenance and

preservation works or its replacement within the periods specified in Section 7 above shall be sufficient grounds for the immediate forfeiture by the Bureau of the performance bond in favor of the proponent. The proceeds thereof shall be earmarked by the proponent for the repair, maintenance and replacement of the infrastructure project for which the bond was posted.

Additionally, any and/or all of the Contractors officers as well as their assigns and transferees, shall be permanently disqualified from undertaking any public infrastructure projects without prejudice to any other actions that may be instituted against them individually or solidarily under existing laws.

**SEC. 9. *Implementing Rules and Regulations.*** - A committee composed of one (1) representative each from the Department of Public Works and Highways (DPWH) who will act as the chairman, the Department of Interior and Local Governments (DILG), the Department of Finance (DOF) and the National Economic and Development Authority (NEDA) shall within sixty [60] days from the effectivity of this Act, formulate and prescribe the necessary rules and regulations to implement and carry out the provisions of this Act.

**SEC. 10. *Separability Clause*** - If any provision of this Act shall be declared unconstitutional, the other provision not affected thereby shall remain in full force and effect.

**SEC. 11. *Repealing Clause*** - All laws, decrees, issuances, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

**SEC. 12. *Effectivity*** - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,