

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

SENATE

S. NO. 408

10 JUN 20 1995

RECEIVED

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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**EXPLANATORY NOTE**

Infrastructure development plays a vital role in shaping our country's economy. Improved infrastructure in the country would help us attract more investors to invest in our country which would then lead to a more productive and prosperous economy. Annually, the government allocates a substantial portion of its money to public works projects. However, the huge amount of money allocated for these projects are often vulnerable to anomalous acts such as substandard work and the use of substandard materials.

PD 1759 was signed in 1981 to prevent construction of public facilities that are substandard, as well as the use of materials that have poor quality. PD 1759 also imposes sanctions on violations of its provisions.

This bill seeks to strengthen PD No. 1759 by increasing the penal sanctions on the violations of the provision of this law from a minimum imprisonment of twelve (12) years to twenty (20) years. It also includes the use of premature deterioration of public works structure as prima facie evidence in determining the violation of the provisions of this law.

In view of the foregoing, immediate approval of this measure is earnestly sought

  
**ANTONIO "SONNY" F. TRILLANES IV**  
Senator

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AN ACT  
INCREASING THE PENALTIES IMPOSED AGAINST CONTRACTORS AND  
SUBCONTRACTORS WHO VIOLATE ANY MATERIAL PROVISION OF  
CONTRACTS INVOLVING PUBLIC WORKS PROJECTS OF THE GOVERNMENT,  
AND PUBLIC OFFICIALS WHO ALLOW SUCH VIOLATIONS, AMENDING FOR  
THIS PURPOSE PRESIDENTIAL DECREE NO. 1759

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

1           **SECTION 1.** Section 1 of Presidential Decree No. 1759, is hereby amended to read  
2 as follows:

3           "Section 1. - Any provisions of the law contrary notwithstanding,  
4 contractors and sub-contractors who violate any material provision[s] of  
5 contracts involving public works projects, either as to materials, quality and  
6 quantity of work, resulting [to the] IN prejudice [of the] TO THE government,  
7 shall suffer the penalty of IMPRISONMENT RANGING from [twelve (12)  
8 TWENTY (20) years to life [imprisonment], A FINE RANGING FROM  
9 FIFTY PERCENT (50%) TO TWO HUNDRED PERCENT (200%) OF  
10 THE AMOUNT OF THE CONTRACT, [at the discretion of the Court,] and  
11 shall, in addition, suffer [perpetual disqualification from participating in any  
12 government contracts.] IPSO FACTO REVOCATION OF THEIR  
13 CONTRACTOR'S LICENSES INCLUDING THE PROFESSIONAL  
14 LICENSES OF EXECUTIVES IN CHARGE OF THE DESIGN AND  
15 CONSTRUCTION OF THE PROJECT.

1           : The offending contractor or sub-contractor shall further be liable for the  
2 cost of reconstructing such public works project in accordance with the  
3 specifications agreed upon.  
4

5           In case of corporations, partnerships or associations, the President,  
6 General Manager or any responsible chief executive officer/ officers shall be  
7 liable. ANY PROPRIETORSHIP, CORPORATION, PARTNERSHIP,  
8 ASSOCIATION, OR BUSINESS ORGANIZATION WHOSE  
9 PROPRIETOR, STOCKHOLDER, PARTNER, MEMBER OR OFFICER IS  
10 RELATED WITHIN THE FOURTH DEGREE OF CONSANGUINITY OR  
11 AFFINITY TO THE PERSON CONVICTED OF VIOLATION OF ANY OF  
12 THE ACTS PUNISHABLE UNDER THIS ACT IS PROHIBITED FROM  
13 PARTICIPATING IN SAID GOVERNMENT CONTRACT. THE  
14 PREMATURE DETERIORATION OF ANY PUBLIC WORKS PROJECT  
15 SHALL CONSTITUTE *PRIMA FACIE* EVIDENCE OF VIOLATION OF  
16 THE ACTS PUNISHABLE UNDER THE FIRST PARAGRAPH OF THIS  
17 SECTION. THE SECRETARY OF THE DEPARTMENT OF PUBLIC  
18 WORKS AND HIGHWAYS IS HEREBY MANDATED TO  
19 PROMULGATE THE NECESSARY IMPLEMENTING RULES AND  
20 REGULATIONS TO EFFECTIVELY CARRY OUT THE INTENT OF THE  
21 PROVISIONS OF THIS PARAGRAPH.”  
22

23           **SEC. 2.** - Section 2 is amended to read as follows:  
24

25           “Any public official who, by reason of the duties of his office, shall consent, or through  
26 abandonment or negligence, permit the contractor or subcontractor to commit [the violations  
27 mentioned in Section 1 hereof,] ANY OF THE ACTS PUNISHABLE UNDER THIS ACT shall

1 suffer the penalty of IMPRISONMENT RANGING from [twelve (12)] TWENTY (20) years to  
2 life [imprisonment], A FINE EQUIVALENT TO THIRTY PERCENT (30%) OF THE  
3 AMOUNT OF THE CONTRACT and perpetual disqualification [to] FROM holding any public  
4 office. ANY PROPRIETORSHIP, CORPORATION, PARTNERSHIP, ASSOCIATION, OR  
5 BUSINESS ORGANIZATION WHOSE PROPRIETOR, STOCKHOLDER, PARTNER,  
6 MEMBER OR OFFICER IS RELATED WITHIN THE FOURTH DEGREE OF  
7 CONSANGUINITY OR AFFINITY TO THE PUBLIC OFFICER IN OF OR ASSOCIATED IN  
8 ANY MANNER WITH THE PROJECT BEING UNDERTAKEN IS PROHIBITED FROM  
9 PARTICIPATING IN SAID GOVERNMENT CONTRACT.”

10

11 **SEC. 3.** - Any provisions of law, degree, executive order or any issuance inconsistent  
12 herewith are hereby repealed and/ or modified accordingly.

13

14 **SEC. 4** - This Act shall take effect fifteen (15) days following completion of its  
15 publication in at least two (2) newspapers of general circulation.

Approved,