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

HOUSE OF REPRESENTATIVES
RECEIVED
09 NOV 2006
DATE:
TIME: 2:30 PM
BY:
BILLS & INDEX DIVISION

Thirteenth Congress
Third Regular Session

HOUSE BILL NO. 5926

Introduced by Honorable Prospero C. Nograles

EXPLANATORY NOTE

This bill seeks to create the Philippine Construction Industry Development Authority.

The construction industry is one of the vital sectors of the economy. It accounts for 43% of Gross Fixed Capital Formation, 4.2% of Gross Domestic Product, and employs 1.708 million workers or 5.3% of the country's domestic employment in 2005. The construction industry provides the basic physical, industrial, commercial and social infrastructure facilities necessary for the growth and development of other equally important major sectors of the economy such as agriculture, manufacturing, and services. Without an effective, resourceful, and robust local construction industry, the present condition of infrastructure business would be imperiled and may seriously reduce the chances for improving living conditions and meeting the Filipino's basic needs for shelter, water, electricity, transport, schools and hospitals. Moreover, if not properly regulated, the local construction industry may hamper the development of critical structures vital to nation building and the growth of the economy.

In recognition to the industry's strategic role and importance in the economy and to ensure public safety and welfare in its operations, several related laws were enacted: (i) Republic Act No. 4566, otherwise known as the Contractors' License Law, which regulates the contracting sector of the industry so that only the reliable, competent and qualified contractors are allowed to engage in construction business in the country; (ii) Presidential

Decree (PD) No. 1167 which provides for incentives and registration of overseas contractors and consulting firms; (iii) PD 1746 which created the Construction Industry Authority of the Philippines (CIAP), an attached agency of the Department of Trade and Industry (DTI), which promotes, accelerates and regulates the growth and development of the construction industry in conformity with national goals; and (iv) Executive Order No. 1008 which created the Construction Industry Arbitration Commission (CIAC) which provides a mechanism for the resolution of construction disputes.

With the rapid business growth and the present globalization trends, the existing laws are rendered obsolete and inadequate to address the multiplicity of problems affecting the growth and development of the Philippine construction industry.

The objectives of this bill are as follows:

a) To set global standards for the various sectors of the construction industry;

b) To develop and implement regulatory and developmental programs for the improvement and growth of the construction industry;

c) To provide opportunities for Filipino participation in the local and overseas markets; and

d) To establish mechanisms for more efficient delivery of public services for the construction sector.

Finally, this bill is also intended to rationalize the CIAP into one unified structure. It also seeks to allow the construction industry to generate the necessary resources, effectively regulate the industry, and enhance its contributions to the economy without additional strain on the government's limited resources.

In view of the foregoing, the approval of this bill is earnestly sought.

PROSPERO C. NOGRALES

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

Thirteenth Congress
Third Regular Session

House Bill No. 5926

Introduced by Honorable Prospero C. Nograles

AN ACT
CREATING THE PHILIPPINE CONSTRUCTION INDUSTRY DEVELOPMENT AUTHORITY, PRESCRIBING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES.

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

CHAPTER I

GENERAL PROVISIONS

SECTION 1. ***Short Title.*** – This Act shall be known as the *"Philippine Construction Industry Development Act."*

SEC. 2. ***Declaration of Policy.*** – It is hereby declared the policy of the State to encourage, promote, support and enhance the orderly growth and development of the construction industry in the Philippines, through the upgrading of the qualifications and competitiveness of contractors, consultants, managers, and workers, as well as the development of professional, technical

and financial capabilities of the industry in consonance with the national interest and public safety.

SEC. 3. ***Scope and Coverage.*** – This Act shall cover all persons, natural or juridical, who are involved in the construction industry, such as but not limited to, construction contractors and sub-contractors, specialty contractors, *"pakyaw"* contractors, designers, consultants, manufacturers, suppliers and dealers of construction materials, project managers, supervisors, construction workers, construction project owners whether public or private, the building administrators and other officials, industry associations, councils and organizations.

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

a) ***"Contractor"*** refers to any person who undertakes or offers to undertake or purports to have the capacity to undertake or submit a bid to, or does by himself or through others, construction works such as but not limited to, excavating, altering, repairing, adding to, subtracting from, improving, moving, wrecking or demolishing any building, highway road, railroad, or other structure, projects, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith. As such, the term contractor shall include subcontractor and specialty contractor;

b) ***"Contracting"*** refers to the act of providing all services for new construction, rehabilitation, improvement, expansion, and such other related

works and activities including the necessary supply of labor and services, as well as the supply or fabrication and installation of materials, equipment and related items necessary to effect such works.

c) ***"Construction Industry"*** refers to all undertakings in the areas of project conceptualization and development such as architectural and engineering design; construction planning and management; construction contracting and project execution; construction materials manufacture and supply; construction equipment manufacture and supply; construction credit and finance; construction insurance and suretyship; construction manpower supply; construction manpower training and development; construction safety practitioners, providers and promoters; and all other related areas;

d) ***"Construction Projects"*** refer to the erection, improvement, development, rehabilitation, demolition, repair, restoration or maintenance of buildings, roads and bridges, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy or power and electrification facilities, off-shore engineering works, and other structures;

e) ***"Consultants"*** refer to persons offering, undertaking, rendering, engaging in, or purporting to have the capacity to undertake or render professional, technical, financial, and other services for construction projects such as but not limited to, architecture, engineering design, planning,

surveying, supervision, and other construction-related management consultancy services and project development;

f) ***"Filipino contractor"*** means a Filipino citizen or a partnership of Filipino citizens, or a corporation of which at least sixty percent (60%) of its outstanding capital stock is owned and held by Filipino citizens, or other juridical person or entity at least sixty percent (60%) of its equity is owned and held by Filipino citizens. For locally funded government construction projects, the term shall mean Filipino individuals or corporations, partnerships or associations, of which seventy five percent (75%) of the outstanding capital stock entitled to vote, is owned by Filipino citizens;

g) ***"Foreign contractor"*** refers to a contractor other than a Filipino construction contractor that is registered with the Securities and Exchange Commission to do business in the Philippines and is duly licensed, registered or accredited to do construction work by the Authority;

h) ***"Foreign-funded Projects"*** refer to construction projects that are financed, wholly or in part, by foreign financial institutions such as but not limited to World Bank, Asian Development Bank, Islamic Development Bank, Japan Bank for International Cooperation and other foreign sources;

i) ***"Building contractor"*** refers to a person whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter and enclosure of persons, animals chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts or to do or superintend the whole or any

part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, play-grounds and other recreational works, refineries, chemical plants and similar industrial plants requiring engineering and architectural knowledge and skill, powerhouses, power plants and other utility plants and installations, mines and metallurgical plants, cement and concrete works in connection with the above-mentioned fixed works;

j) ***"Engineering contractor"*** refers to a person whose principal contracting business is in connection with fixed works requiring engineering knowledge and skill, including the following divisions or subjects: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams, hydro-electric projects, levees, river control and reclamation works, railroads, highways, streets and roads, tunnels, airports and airways, waste reduction plants, bridges, overpasses, underpasses and other similar works, pipelines and other system for the transmission of petroleum and other liquid or gaseous substances, land leveling and earth moving projects, excavating, grading, trenching, paving and surfacing work.;

k) ***"Government agencies"*** refer to any department, bureau, office, commission, authority or agency of the national government and local government units, including government-owned or controlled corporations, authorized by law or their respective charters, to contract for or undertake infrastructure or construction projects of any nature;

l) ***"Overseas Construction"*** refers to all types of construction works, projects or consulting services undertaken by a contractor or consultant in construction outside the Philippines. This term includes overseas work which are in support of and necessary to construction;

m) ***"Persons"*** refer to individuals, firms, partnerships, corporations, associations or other organizations, or any combination thereof;

n) ***"Public Construction"*** refers to all types of construction projects, such as but not limited to infrastructure works for and in behalf of the national government or any of its instrumentalities, local government units, including government-owned or controlled corporations, whether these be executed by administration or by contract and irrespective of funding source; and

o) ***"Specialty contractor"*** refers to a person whose operations pertain to the performance of construction work requiring special skill and knowledge, and whose principal contracting business involves the use of specialized building or construction trades or crafts.

CHAPTER II

PHILIPPINE CONSTRUCTION INDUSTRY DEVELOPMENT AUTHORITY

SEC. 5. ***Creation.*** – There is hereby created the Philippine Construction Industry Development Authority, herein referred to as Authority. The Authority is hereby vested with powers and authority over the Philippine construction industry, including construction contracting and related activities

of contractors, subcontractors, construction managers, consultants, and providers of construction manpower services in the Philippines and overseas, manufacturers and suppliers of construction materials. It is tasked to develop and promote the viability, stimulate and accelerate the development, growth, improvement, expansion of the construction industry of the Philippines, and to regulate and supervise the business and exercise of profession in the construction industry.

SEC. 6. ***Powers and Duties.*** – For purposes of this Act, the Authority is vested with the following powers and duties:

a) Formulate and implement policies, standards and best practices for the construction industry, including the formulation, issuance and enforcement of policies, guidelines, rules and regulations for licensing, registration, and accreditation of contractors, consultants, and other construction service providers, to carry out the provisions of this Act;

b) Establish a comprehensive and long-term development plan to ensure the continued viability of the local construction industry based on sustained economic growth and for a more equitable distribution of domestic and overseas opportunities for Filipino enterprises and workers, in conformity with the constitutionally mandated goals of national economy;

c) Design and adopt strategies to accelerate the development of the construction industry, including but not limited to, measures for upgrading professional, technical, and financial capabilities;

d) Monitor, research on, and study the construction industry in the Philippines and in other countries, to identify and address problems, enhance growth, develop programs, recommend, support and implement policies, legislation and other measures for the optimum development of the construction industry;

e) Prescribe and issue policies, rules and regulations, circulars and guidelines pertinent to its powers and functions;

f) Establish a compensation plan, position classification system, and qualification standards for its officers and staff based on a comprehensive job analysis and audit of actual duties and responsibilities;

g) Make a periodic review of its organizational and operational capability, and effect a re-structuring, upgrading, or the creation of new plantilla positions and acquisition of appropriate resources as may be deemed necessary. For this purpose, the Authority may use its income, subject to government auditing rules and regulations;

h) Develop and maintain a construction industry information system that will be accessible to the public;

i) Establish a funding mechanism to carry out its programs and activities including the provision of resources to accredited or designated government agencies in the implementation of the Authority's functions;

j) Assess and collect fees and other assessments, impose levies, receive grants to promote and develop the construction industry, administer its

funds including grants received, and provide incentives under such guidelines approved by the Board;

k) Investigate any violation of this Act and its rules and regulations and other complaints within the contemplation of this Act, issue subpoena *ad testificandum* and subpoena *duces tecum*, cite for contempt, issue cease and desist orders, and conduct ocular inspection and other proceedings as may be deemed necessary;

l) Prosecute, in coordination with the Department of Justice, violators of this Act or any of its rules and regulations;

m) Approve the annual budget of the Authority;

n) Adopt, alter and use a corporate seal; enter into contracts, lease, own or otherwise dispose of personal or real property; sue and be sued; and otherwise carry out its duties and functions as provided for in this Act;

o) Submit an annual report of its activities to the Secretary of Trade and Industry; and

Adopt measures for the enforcement of this Act and other relevant laws, statutes, rules and regulations and perform such other functions necessary to achieve its objectives, properly exercise its authority and effectively discharge its functions and duties.

SEC. 7. ***Board of Directors.*** – The corporate, developmental, adjudicatory and regulatory powers and functions of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the

Board, which shall be composed of the Secretary of Trade and Industry as Chairman and the following as members, to wit:

a) The Secretary of Public Works and Highways;

b) The Secretary of the Interior and Local Governments;

c) The Secretary of Transportation and Communication;

d) The Secretary of Labor and Employment;

e) President, Philippine Construction Association, Inc. (PCA);

f) A representative of the construction contracting sector;

g) A representative of the consulting sector;

h) A representative of the materials manufacturers and suppliers;

i) A representative of the workers; and

j) A representative of the project owners.

The representative of the private sectors shall be appointed by the Chairman upon the nomination of a council to be composed of the PCA, Confederation of Filipino Consultants (COFILCO), Subdivision and Housing Developers Association (SHDA), Philippine Chamber of Commerce and Industry (PCCI), and Association of Carriers and Equipment Lessons (ACEL.)

Any private sector member of the Authority may be removed by the Secretary of Trade and Industry for neglect or dereliction of duty, incompetence, malpractice, and unprofessional, unethical, immoral or dishonorable conduct: *Provided*, That in the course of investigation, the Secretary shall have the power to suspend such member under investigation and designate a temporary member in his place.

The private sector members of the Authority are hereby authorized to continue to engage in their branches of the construction industry and the practice of their professions during their tenure and immediately after resignation or separation from public office.

SEC. 8. ***Meetings.*** – Regular meetings of the Board of Directors shall be held at least once a month. Special meetings may be held as often as may be deemed necessary: *Provided,* That in the absence or incapacity of the department secretaries to attend any regular or special meeting of the Board, the next ranking undersecretary shall attend and be vested with the same power and authority as a regular member.

SEC. 9. ***Compensation.*** – The members of the Board of Directors shall be entitled to *per diems* and honoraria as may be approved by the Board. They shall serve without service credit, benefit or pay except the approved per diems and honoraria.

SEC. 10. ***General Manager.*** – The Authority shall be attached to the Department of Trade and Industry for policy and program coordination. It shall have a General Manager to be appointed by the Secretary of Trade and Industry upon the recommendation of the Board of Directors. The General Manager shall be the chief executive officer of the Authority and is responsible to the PhilCIDA Board of Directors. He must be a natural-born citizen of the Philippines, at least thirty five (35) years of age on the day of his appointment, holder of a college degree with at least ten (10) years of experience relevant to the construction industry, and of proven competence, integrity, probity and

independence. He shall perform such functions and duties as may be prescribed by the Board.

SEC. 11. ***Personnel.*** – The Authority shall provide for an organization for its officers and staff. All positions in the Authority shall be permanent and governed by a compensation, position classification system and qualification standards based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan shall be subject to the periodic review by the Authority no more than once every two (2) years without prejudice to yearly merit reviews or increases based on productivity and performance.

CHAPTER III

CONSTRUCTION INDUSTRY DEVELOPMENT

SEC. 12. ***Developmental Functions.*** – The following are the developmental functions of the Authority:

a) Formulate and issue policies and guidelines for the development of the construction industry and the efficient, safe and effective implementation of public and private construction projects in the country;

b) Develop and promote adherence to quality standards in construction design and execution, including but not limited to, the implementation of the Constructors Performance Evaluation System (CPES) Program or its equivalent for public and private construction projects;

c) Accredit qualified constructors performance evaluators for public and private construction projects;

d) Conduct periodic review and evaluation of constructors performance ratings and adopt or recommend appropriate measures to improve the quality and safety of construction;

e) In coordination with relevant research institutions, develop and prescribe standards for construction materials for implementation and enforcement by the concerned government agency;

f) Prescribe guidelines for the accreditation of independent third party certifying bodies for the implementation and enforcement of various quality standards to be prescribed by the Authority, including but not limited to, testing and training facilities;

g) Prescribe and promote the development and use of appropriate standard contract terms and conditions for construction;

h) Identify opportunities, develop and implement overseas market promotion strategies for registered contractors and consultants in construction;

i) Monitor the performance of registered Filipino construction contractors engaged in overseas projects and take reasonable remedial measures to maintain the reliability of Filipino services;

j) Prescribe appropriate export and import policies to ensure local supply sufficiency of critical construction materials;

k) Develop programs and strategies for the use of local construction materials and for the improvement of their quality, competitiveness and efficiency;

l) Negotiate for better terms and conditions for market access of Filipino contractors and consultants in overseas construction markets;

m) Designate special construction attachés and, in coordination with other appropriate government agencies, assign such attachés to countries where Filipino contractors and consultants in construction are operating or may be likely to operate;

n) Subject to the approval of the Authority, issue such rules and regulations as may be deemed necessary to carry out the provisions of this chapter; and

o) Perform such other functions as may be assigned by the Authority.

CHAPTER IV

CONSTRUCTION INDUSTRY REGULATION

SEC. 13. ***Regulatory Function.*** – The Authority, being vested with regulatory powers, shall exercise regulatory functions over all persons falling within the scope or coverage of this Act.

SEC. 14. ***Contractor's License.*** – Save for the exceptions provided for in this Chapter, all contractors must secure a license from the Authority before they may be allowed to apply for eligibility screening, to bid, or negotiate, and enter into any construction contract, or undertake any construction activity for any construction project, public or private, in the Philippines.

Private project owners undertaking by themselves the construction of a project intended for sale, lease, commercial or industrial use, or any other income generating purpose, without the service of a contractor shall secure a contractor's license before undertaking the same.

The project owner, whether government or private, shall require the presentation of a contractor's license before a contractor is qualified or allowed to bid or negotiate for any construction project.

Projects which are to be implemented under the provisions of special laws as well as foreign-funded projects of the Philippine government covered by bilateral agreements and to be awarded through international bidding must also require a contractor's license before eligibility screening or its equivalent regardless of whether the bidder is a resident of the Philippines or not.

For purposes of this Act, registration with the Authority as a government contractor shall also be required for all government construction projects, regardless of funding source.

SEC. 15. ***Restriction for Contractor's Licenses.*** – An application for a contractor's license shall be subject to the following restrictions:

a) A regular contractor's license shall be reserved for and issued only to contractor-firms of Filipino sole proprietorship, or partnership or corporation with at least sixty percent (60%) Filipino equity participation and duly organized and existing under and by virtue of the laws of the Philippines. Private domestic construction contracts or projects shall be undertaken only by holders of regular contractor's licenses.

Locally-funded government construction contracts or projects shall be undertaken only by holders of regular contractor's licenses who are contractor-firms of Filipino sole proprietorship, or partnership or corporation with at least seventy five percent (75%) Filipino equity participation and duly organized and existing under and by virtue of the laws of the Philippines.

b) A contractor who fails to meet the above equity requirement may only be issued a special license on a project-to-project basis, if allowed by special laws or bilateral agreements entered into by the Philippine government: *Provided,* That the project is foreign-funded and international competitive bidding is required.

c) The Authority shall evaluate the qualifications of an applicant in accordance with the standards set by it. It shall prescribe minimum qualifications which may include financial capacity, technical capability, experience in construction industry in terms of years of exposure thereto and acquired knowledge of construction business, administration and management and such other concerns as the Authority deems necessary for the protection of the public.

d) An applicant shall qualify through the authorized managing officer of the applicant-firm with respect to experience in the construction industry. The authorized managing officer shall be duly appointed by the applicant-firm as the sole representative thereof, in the manner and in compliance with the procedure set forth by the Authority. He shall be a Filipino citizen, a senior executive of the applicant-firm and shall possess the

qualifications and eligibility as prescribed by it. A sole proprietor applicant, however, must himself be the Authorized Managing Officer.

e) An applicant may be represented by one or more sustaining technical employees in the technical capability evaluation. Each shall be nominated by the applicant-firm in the manner and in compliance with the procedure set forth by the Authority. He shall be a full-time employee of the applicant-firm, has acquired academic training and work experience, and possesses qualifications and eligibility requirements as prescribed by it. Any officer of the applicant-firm, including the proprietor in case of sole proprietorship, may concurrently serve the position of sustaining technical employee.

SEC. 16. ***Prohibition on Joint Licenses.*** – a) It is unlawful for any two or more licensees, each of whom has been issued a license, to engage separately in the capacity of a contractor or to jointly submit a bid or otherwise act in the capacity of a contractor without first having secured an additional license for acting in the capacity of such a joint venture in accordance with the provisions of this Act for an individual, partnership or corporation.

b) It is likewise unlawful for a licensee or licensees combining with non-contractors to submit a bid or otherwise act in the capacity of a contractor without first securing a license to operate as a consortium.

SEC. 17. ***License Validity and Renewal.*** – All licenses shall have a validity period of one (1) year reckoned from the date of approval of the original license and must be renewed to sustain its continued validity. A

license issued on a project-to-project basis must likewise be renewed annually until such time that the specific project for which it was issued, is completed. Applications and all other requirements for license renewal may be filed not earlier than ninety (90) days but not later than thirty (30) days before expiration of the license, subject to the payment of surcharge for the late filing at such rates as may be prescribed by the Authority.

SEC. 18. ***Classification.*** – For purposes of classification, construction contracting includes any or all of the following branches:

a) General engineering contracting;

b) General building contracting; and

c) Specialty contracting.

The Authority may, in its rules and regulations, provide for other classifications as it may deem appropriate.

SEC. 19. ***Power to Classify, Categorize and Accredit.*** – The Authority may adopt such rules and regulations as it may deem necessary for the classification of contractors for domestic or overseas operations, in a manner consistent with established usage and procedure in the construction industry, and may limit the field and scope of the operations of a licensed contractor to those in which such licensee is classified to engage: *Provided,* That a licensee may apply for classification and be allowed more than one classification provided that the licensee meets all the qualifications prescribed by the Authority for such additional classification: *Provided further,* That contractors may be assigned a category as an indicator of their aggregate

capability using a rating system to be registered as government contractors and be classified based on kinds of project and range of sizes as prescribed by the Authority: *Provided finally,* That the Authority may, by itself or through designated or accredited agencies or private entities, prescribe and implement, a system of accreditation for contractors.

For purposes of this section, the Authority may also require the accreditation of a contractor's technical personnel by agencies or private organizations recognized by the Authority.

SEC. 20. ***Report as Notice of Disassociation.*** – It shall be the duty of the licensee to report in writing to the Authority, the disassociation of his authorized managing officer within a period of thirty (30) days from such disassociation, and to appoint his replacement for the evaluation and approval by the Authority. In the event that the licensee is unable to immediately appoint a replacement, the licensee shall so inform the Authority of such fact and upon notice, he shall be allowed to designate an Officer-In-Charge for acknowledgment by the Authority pending final appointment of a replacement. The final appointment of a replacement and the approval of the Authority shall be made not later than ninety (90) days from date of disassociation of the original authorized managing officer.

It shall likewise be the duty of the licensee to report in writing to the Authority any disassociation of a sustaining technical employee by employment termination, death or any other cause within a period of thirty (30) days from the date of disassociation. A licensee shall have a period of not more than ninety

(90) days from the date of disassociation to appoint a replacement for approval by the Authority. During the said 90-day period, the licensee's current license shall remain in force, after which the licensee's category and classifications shall be re-evaluated, subject to existing qualifications.

It shall also be the duty of a disassociated authorized managing officer and sustaining technical employee of the licensee to give written notice to the Authority of his disassociation, within thirty (30) days from date of his disassociation.

SEC. 21. ***Issuance of License.*** – Upon an evaluation of a duly filed application for contractor's license, the Authority shall, approve the application based on its finding that the applicant is qualified under this Act and issue a license upon payment of the prescribed fees and other charges.

SEC. 22. ***Death of a Sole Proprietor or a Partner.*** – In case of death of a sole proprietor or a partner, the heirs of the sole proprietor or any surviving member of a licensed partnership, as the case may be, may be permitted to complete any project or projects existing at the time of death: *Provided*, That an application for permission to complete such existing project or projects is duly filed before the Authority within thirty (30) days from the death of the sole proprietor or partner, subject to the approval by the Authority.

SEC. 23. ***Changes in Licensees.*** – All licensees are required to report to the Authority all changes of names and addresses of partners, stockholders, authorized managing officer, and sustaining technical employee, including the status of the sole proprietorship, partnership or corporation, joint venture and

consortium, within thirty (30) days after the changes are made or have occurred; *Provided however,* That the licensee shall apply for the Authority's approval for any change in authorized managing officer, sustaining technical employee, business name, business status and style, within the prescribed period.

SEC. 24. ***Administrative Offenses.*** – The following acts and omissions shall constitute administrative offenses punishable by suspension, cancellation or revocation of license, imposition of penalties and fines in accordance with the rules and regulation set by the Authority, without prejudice to the filing of judicial action:

a) Willful or deliberate abandonment, without lawful or just excuse, of any construction project or operation engaged in or undertaken by the licensee as a contractor, sub-contractor, specialty contractor, joint venture partner or member of a consortium;

b) Material and substantial departure or deviation from or disregard of plans or specifications in any material respect without the consent of and prejudicial to the owner or person having right to or interest in the particular construction project or operation;

c) Willful misrepresentation of a material and substantial fact by an applicant in obtaining a license, or renewal or amendment of the same;

d) Submission of falsified or fake documents or giving false evidence of any kind to the Authority, to support any application for license, renewal or amendment thereto;

e) In case of a suspended license, undertaking any construction activity during the period of suspension, except for projects that are on-going at the time of the suspension for which a specific permission to continue the same was issued by the Authority;

f) Undertaking a construction project without a license or with an expired license;

g) Undertaking a project outside its approved classification;

h) Impersonating another licensed contractor;

i) Using fake certificate or license;

j) Participating in the performance by any person as defined in this Act and of which he is an authorized managing officer, a responsible managing partner, employee or officer, in any act or omission constituting a cause for disciplinary action under this Act;

k) Aiding or abetting an unlicensed person to evade the provisions of this Act or knowingly combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent, partner, associate, or otherwise, of an unlicensed person, in violation of this Act;

l) Doing of any willful or fraudulent act by the contractor as a consequence of which another is injured or damaged;

m) Any negligent act or omission by the contractor resulting in injury or damage to another;

n) Willful misrepresentation or use of spurious documents in the pursuit of his business such as but not limited to using a fake certificate or license, license lending or borrowing, collusion and rigging in biddings;

o) Violation of the provisions of this Act and the rules and regulations issued by the Authority, the Code of Ethics for Contractors or any act, device, or scheme to circumvent the provisions of this Act, such as but not limited to the use of the license by a person other than the licensee through a power of attorney or similar instrument;

p) Failure of the contractor to comply with the provisions of the laws on labor including but not limited to, labor standards as well as Occupational Safety and Health Standards in construction; and

q) Commission of any act similar or analogous to the abovementioned acts.

Unjustified abandonment, or failure to comply with the obligations of contract and any act deemed by the Authority to constitute incompetent management and administration of any overseas project or service shall likewise constitute causes for suspension or cancellation of registration or project authorization for overseas operation, or for the imposition of penalties or fines of not less than fifty thousand (P50,000.00) pesos but not more than one million (P1,000,000.00) pesos or the filing of administrative or court action against foreign contractors.

SEC. 25. ***Prohibited Acts.*** – In addition to the violations enumerated in Section 24 of this Act, the following shall likewise constitute prohibited acts

by Filipino contractors who, if found guilty by competent court, shall be liable for the payment of fines of not less than fifty thousand pesos (P50,000.00) but not to exceed one million pesos (P1,000,000.00)

a) Any person or entity, or the proprietor or responsible officer of any unlicensed contractor who submits or attempts to submit a bid to construct, or undertakes to construct, or who has taken charge in a supervisory capacity of a construction work or advertises any title tending to convey the impression that he is a constructor within the purview of this Act without first securing a license to engage in construction contracting, or impersonates, presents or files the license certificate of another;

b) Any project owner, or its proprietor or responsible officer who hires or engages the services of an unlicensed contractor to do construction work;

c) Any person who purports or represents himself to be a registered professional to qualify as a sustaining technical employee and is found not to be so registered, or who falsely represents to the Authority that he is a regular and full-time technical employee of a license applicant or a licensed contractor.

d) Any person or entity, or its proprietor or responsible officer who undertakes overseas projects and allied services, without first registering with the Authority;

e) Unauthorized overseas project of registered Filipino entrepreneurs and companies; and

f) Any person or entity, or its proprietor or responsible officer registered with the Authority who bids for or proposes to undertake or who undertakes overseas projects and allied services, without securing prior project authorization.

SEC. 26. ***Law Enforcement Officers.*** – It shall be the duty of the building officials and all duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivisions thereof, to enforce the provisions of this Act pursuant to the guidelines of the Authority, and to report to the Authority any violation of the same. Non-inclusion in the Authority's roll of licensed contractors of a person undertaking construction is *prima facie* evidence of a violation of this Act. The aforementioned officials and officers, are empowered to issue work stoppage order, suspend or revoke building permits and undertake such other measures to ensure immediate closure of the construction site and to prevent the unlicensed person or any of its agents from entering the same until the provisions of this Act are fully complied with.

The mandatory signs indicating the building permit number required to be posted in every construction project shall include the contractor's name, business address, authorized managing officer, license number as well as its category and classification. The signs shall also include the same information for all sub-contractors or specialty contractors of the project. If the project is undertaken by the administration, such fact shall be clearly indicated on the sign.

In cases where a contractor, not licensed by the Authority, or whose license has been cancelled, revoked or suspended, engages or attempts to engage in the business of contracting, the Authority shall have the right to immediately, issue orders to stop the activity of the unlicensed person.

The Authority may seek the assistance of the local government units, the Philippine National Police, and other appropriate agencies to enforce its orders.

SEC. 27. ***Exceptions to the License Requirement.*** – No license shall be required to the following:

a) Public personnel or authorized representatives of the Republic of the Philippines or any town, city, province or other political subdivision of the exercising purely governmental functions;

b) Any person undertaking any minor work, operation or project with an aggregate contract price of less than one hundred thousand (P100,000.00) pesos for the labor, materials and other items. The amount of minor work prescribed herein shall, upon review, be adjusted by the Authority as circumstances may so warrant, to reflect substantial changes in cost: *Provided,* That this exemption shall not apply in any case where the minor work or construction is only part of a larger or major operation, whether undertaken by the same or a different contractor, or in which a division of the operation, for the purpose of evading or otherwise violating the provisions of this Act, is made in contracts of amounts less than one hundred thousand (P100,000.00) pesos ;

c) A contractor executing a contract involving the use of two or more crafts or trades, if the performance of the work in such craft or trade, other than

in which he is licensed, is only incidental or supplemental to the performance of work in the said craft or trade for which he is licensed; and

d) Person who supplies materials or finished products without being involved in the erection of structures, installation or other field operations.

SEC. 28. ***Registration for Overseas Construction.*** – Construction contractors and consultants who intend to undertake overseas construction projects shall, prior to the submission of bids or proposal for overseas construction project, be required to register with the Authority. No construction contractor or consultant shall tender or bid on any overseas construction project and allied services unless registered with the Authority.

Persons intending to undertake manpower services contracting for overseas construction projects and allied services where administrative support is part of the contract, shall likewise be required to register with the Authority prior to the submission of bids or proposals for such undertaking. However, placement agencies or recruitment agencies registered with the POEA shall be exempt from this requirement under the following conditions:

a) Upon showing that these agencies have trained or skilled workers for deployment; and

b) Upon payment by the placement or recruitment agency of the training assessment fees as determined by the Authority. The training assessment fee to be collected shall be deposited to the Construction Training Fund established for the purposes provided for in this Act.

SEC. 29. ***Project Authorization.*** – In addition to the requirement for registration as prescribed in the immediately preceding section, construction contractors and consultants are required to secure a project authorization from the Authority before bidding or negotiating for an overseas construction project or service to include construction work, consulting services and other overseas work in support of and necessary to such construction project so authorized. The project authorization shall be applicable only to the particular project subject of the application.

SEC. 30. ***Implementing Rules and Regulations.*** – The Authority shall, within sixty days (60) from the effectivity of this Act, issue rules and regulations and shall prescribe, among others, criteria for determining the eligibility of contractors and consultants in construction to operate overseas and relevant procedures and guidelines thereof.

It shall also issue such rules and regulations as may be necessary for the effective implementation of the general provisions of this Act, including the authority to collect fees, impose levies and other charges to support its operations and other lawful activities necessary in the execution of its functions and responsibilities.

SEC. 31. ***Competition for Overseas Project.*** – In the event that more than one (1) contractor or consultant in construction applied and qualified for the same project or undertaking overseas, the Authority shall encourage the qualified applicants to pool their resources and undertake the project as a single entity or to associate themselves as a joint venture or consortium.

If the qualified applicants do not agree to undertake the project as a single entity, joint venture or consortium, the Authority, in the exercise of its discretion, may limit the number of contractors who shall bid or negotiate for the project.

SEC. 32. ***Jurisdiction.*** – The Authority shall, *motu proprio,* or upon the verified complaint in writing of any person, or upon receipt of a written report from any government agency or instrumentality, investigate the action of any contractor and may deny the grant of a license to an applicant or suspend or revoke any license issued or impose fees or fines if the license applicant or holder thereof has been found guilty of or has committed any acts or omissions constituting causes for disciplinary action.

The Authority shall, *motu proprio*, or upon the verified complaint in writing of any person, or upon receipt of a written report from any government agency or instrumentality, investigate the action of any person and may deny the grant of a registration or issuance of project authorization to an applicant, or suspend or cancel any registration granted or authorization issued, or impose fees or fines if the applicant or registrant has been found guilty by the Authority of having committed an act or omission constituting a cause for disciplinary action.

CHAPTER V

CONSTRUCTION INDUSTRY DEVELOPMENT LEVY

SEC. 33. ***Construction Industry Development Levy.*** – The Authority shall assess and cause the collection of the Construction Industry Development

Levy (CIDL) on every construction contract entered into by registered contractor. Such CIDL shall be deposited in government banks designated by the Authority. The CIDL shall be used for the Authority's operational expenses and capital expenditures, research and development, construction industry training and social amelioration for the benefit of all construction professionals and workers duly certified by the Authority, and other necessary expenses to achieve the objectives of this Act.

The levy, in the amount equivalent to one fourth of one percent (1/4 of 1%) of the total estimated cost of every construction contract entered into, whether with the private sector or the public sector, irrespective of funding sources, shall be imposed on every contractor operating in the Philippines, irrespective of nationality, and on Filipino contractors operating overseas.

No building permit shall be issued without proof of payment of the levy and no construction shall be permitted to commence without proof thereof. Non-payment of the levy shall be a ground for the revocation or suspension of the building permit, issuance of a work stoppage order, or non-issuance of the occupancy permit by the building official. No project authorization for overseas contracts shall be issued without payment of the levy by the concerned contractor.

Any contractor who fails to pay the levy when due, shall be liable to pay a fine equivalent to fifty percent (50%) of the amount due, without prejudice to the payment of the levy.

The amount of any levy payable under this section shall be recoverable as a civil debt due to the Authority.

CHAPTER VI

CONSTRUCTION INDUSTRY MANPOWER DEVELOPMENT

SEC. 34. ***Manpower Development.*** – The Authority shall perform the following Act for manpower development:

a) Draw up an overall construction manpower development plan and relevant strategies;

b) Develop and implement manpower training programs for the construction industry;

c) Formulate and adopt construction skills and standards and establish skills testing and certification facilities in coordination with the Technical Education and Skills Development Authority (TESDA);

d) Recommend appropriate policies and measures to rationalize training and export or trained manpower in the construction industry in coordination with the Department of Labor and Employment (DOLE) and other pertinent government agencies;

e) Determine and impose fees for training, accreditation and certification of construction workers, supervisors and construction managers;

f) Develop, provide, and coordinate with private and public sectors, manpower training programs for construction service providers and construction-related entrepreneurs, construction site supervisors for domestic

and foreign deployment, standardization and improvement of construction techniques, procedures and materials, quality assurance, and construction safety;

g) Accredit or certify skilled construction workers, in coordination with TESDA and construction site supervisors and managers, for domestic and foreign deployment;

h) Formulate and implement a training and certification program for qualifying sustaining technical employees for purposes of contractors licensing under this Act;

i) Provide a monitoring and evaluation system where manpower providers are given feedback in terms of the quality manpower specifications of the construction industry;

j) Set the mechanism for a collaborative endeavor between government and industry in standards setting and development in the areas of training, certification and accreditation;

k) Identify and address the gaps between the manpower needs of the industry and the capability of training and manpower development institutions; and

l) Perform such other functions as may be assigned by the Authority.

CHAPTER VII

CONSTRUCTION INDUSTRY DISPUTE RESOLUTION

SEC. 35. ***Construction Industry Dispute Resolution.*** – The Construction Industry Arbitration Commission (CIAC), created by virtue of

Executive Order No. 1008, otherwise known as the Construction Industry Arbitration Law, shall continue to exercise original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof.

The disputes cognizable by the CIAC may involve government or private contracts. The CIAC shall acquire jurisdiction upon the filing of a request for arbitration or mediation by any or both of the contracting parties and shall be responsible for the following, in addition to its powers and authority as specifically provided in this Act:

a) Formulate and adopt arbitration, mediation and other alternative dispute resolution (ADR) programs for the construction industry;

b) Enunciate policies and prescribe rules and procedures for its ADR programs;

c) Supervise its ADR programs and exercise such authority related thereto as regards the training, accreditation, appointment, replacement or challenging of arbitrators, mediators or conciliators;

d) Have an official seal to authenticate its official documents;

e) Direct its officers and employees to perform such functions as may be assigned to them from time to time;

f) Submit its annual report to the Authority within three (3) months after the end of the fiscal year; and

g) Perform such other functions as may be assigned by the Authority from time to time.

The jurisdiction of CIAC shall include but not limited to violation of specifications for materials and workmanship, violation of the terms of agreement, interpretation or application of contractual provisions, amount of damages and penalties, commencement time and delays, maintenance and defects, payment default of employer or contractor and changes in contract cost.

The parties to construction contracts over which the CIAC shall exercise original and exclusive jurisdiction shall include those between or among parties to, or who are otherwise bound directly or by reference by, an arbitration agreement, whether such parties are project owner (either government or private), contractor, subcontractor, fabricator, project manager, design professional, consultant, quantity surveyor, materials supplier, construction equipment lessor, bondsman or issuer of an insurance policy in a construction project.

SEC. 36. ***Exclusion.*** – Disputes arising from employer-employee relationships which are governed by the Labor Code of the Philippines and such other disputes not arising from or related to construction which are governed by pertinent laws shall be excluded from the coverage of this Act.

SEC. 37. ***Deliberations.*** – The decisions of the CIAC shall be arrived at by a majority vote.

SEC. 38. ***Authority to Collect Fees.*** – The CIAC is empowered to determine and collect fees, deposits, costs of arbitration, mediation or other

ADR schemes, as well as administrative and other charges as may be necessary in the performance of its functions and responsibilities. The CIAC is authorized to use its receipts and deposits of funds to finance its operations, the provision of any law to the contrary notwithstanding.

SEC. 39. ***Expenses.*** – ADR expenses shall include the filing fee, administrative charges, arbitrator's or mediator's fees, expert, fee and expenses, and others which may be imposed by CIAC.

The administrative charges and the arbitrator's or mediator's fees shall be computed on the basis of percentage of the sum in dispute to be fixed in accordance with the table of ADR charges to be prescribed by CIAC.

SEC. 40. ***Deposit.*** – The CIAC shall be authorized to fix the amount to be deposited which must be equivalent to the expected ADR expenses. The deposit shall be paid to the CIAC's Secretariat before any arbitration or mediation proceedings shall commence. Payment shall either be shared equally by the parties or be paid by any of them. If one party fails to contribute his share in the deposit, the other party must pay in full. If both parties fail to tender the required deposit, the case shall be considered dismissed but the parties shall still be liable to pay one half (1/2) of the agreed administrative charge.

SEC. 41. ***Construction Industry Dispute Resolution Fund.*** – There is hereby created a Construction Industry Dispute Resolution Fund to be used for the following purposes:

a) Pay for the services of arbitrators, mediators or conciliators appointed by the CIAC to resolve or settle cases filed with the Authority and to

pay for other incidental and administrative expenses incurred for the proceedings;

b) Defray the travel, accommodations and administrative expenses of arbitrators and staff for out-of-town hearings of cases involving claims below one million (P1,000,000.00) pesos or as may be prescribed by the CIAC;

c) Pay for the services of a sole arbitrator or mediator or conciliator appointed by the CIAC to resolve or settle small claims qualifying under the CIAC's Small Claims Assistance Program at a rate to be determined by the CIAC and to pay for other incidental and administrative expenses;

d) Pay for the services of arbitrators rendering additional works in post-award proceedings and to pay for other incidental and administrative expenses related thereto;

e) Pay for the costs of promotion and development of its ADR programs in the regions;

f) Pay for the services of a consultant for the enhancement or upgrading of the CIAC's existing data banking and data exchange capabilities to increase its accessibility and outreach to the regions and overseas;

g) Purchase, maintain or upgrade of computer and related telecommunication equipment and accessories to implement the preceding section;

h) Defray such other expenses necessary to sustain the CIAC's operations, subject to the approval of the Authority;

i) The CIAC shall continue to administer all its existing funds, properties and personnel;

j) The CIAC shall remit to the Authority its net earned fees from the filing and administrative charges of resolved and fully executed cases from the immediately preceding year, which remittance shall form part of the Construction Industry Development Fund.

SEC. 42. ***Arbitrators and Mediators.*** – The CIAC shall train and accredit qualified arbitrators and mediators for construction disputes. Arbitrators and mediators shall be men and women of distinction in whom the business sector and the government can have confidence and who meet the qualifications and criteria for accreditation prescribed by CIAC which may include citizenship, age, educational, professional and personal qualifications, years of professional practice and experience in construction management–related activities or in handling contractual disputes or negotiations, full enjoyment of civil rights, oral or written examinations, training, and other screening requirements imposed by CIAC. They shall not be permanently employed with the CIAC nor the Authority. Instead, they shall render services only when called to arbitrate. For each dispute they settle, they are entitled to reasonable compensation.

Where the parties agree that the dispute shall be settled by a sole arbitrator, they may, by agreement, nominate him from the list of arbitrators accredited by CIAC for appointment and confirmation. If the parties fail to agree as to the arbitrator, the CIAC, taking into consideration the complexities

and intricacies of the dispute has the option to appoint a sole arbitrator or an arbitral tribunal.

If the CIAC decides to appoint an arbitral tribunal, each party may nominate six (6) arbitrators from the list of arbitrators accredited by the CIAC for appointment and for confirmation. The third arbitrator shall be chosen by the first two appointed arbitrators. The arbitrators appointed shall agree among themselves who shall be the chairman of the tribunal and shall preside over the case.

Where the parties agree to have their disputes settled by mediation or conciliation, they shall sign the appointment of the mediator or conciliator that they have agreed upon. In default thereof, CIAC shall appoint the most suitable mediator or conciliator from its pool of accredited mediators or conciliators.

SEC. 43. ***Powers of the Arbitrators.*** – The arbitrators appointed by the CIAC in specific cases shall have the following powers:

a) Administer oaths, summon the parties to a controversy, and issue subpoenas requiring the attendance and testimony of witnesses or the production of such books, papers, contracts, records, statements of accounts, agreements, and other documents as maybe materials to a just determination of the matter under arbitration;

b) Conduct hearings for the determination of a question, matter or controversy within CIAC's jurisdiction; proceed to hear and determine the dispute in the absence of any party thereto who has been summoned or served with notice to appear; refer technical matters or accounts to an expert and to

accept his report as evidence after hearings of the parties upon due notice; direct the parties to be joined in or excluded from the proceedings, correct, amend, or waived any error, defect, or irregularity whether in substance or in form; give all such directive as the arbitrators may deem necessary or expedient in the determination of the dispute before them; and dismiss any matter or part thereof where it is trivial or where further proceedings by the arbitrators are not desirable;

c) Hold any person in contempt, directly or indirectly and impose the appropriate penalties therefor;

d) Enjoin or restrain any actual or threatened commission of any or all prohibited or unlawful acts in any dispute brought before them which, if not restrained, may cause grave or irreparable damage to any party or render ineffectual any decision in favor of such party: *Provided,* That no temporary injunction shall be issued by the sole arbitrator or arbitral tribunal, as the case maybe, except after due notice and hearing and in accordance with the CIAC Arbitration Rules.

SEC. 44. ***Appointment of Experts.*** – The services of technical or legal experts may be utilized in the settlement of disputes if requested by any of the parties or by the arbitrator or mediator. If the request for an expert is done by either or by both of the parties, it is necessary that the appointment of the expert be confirmed by the arbitrators or mediators.

Whenever the parties request for the services of an expert, they shall equally shoulder the expert's fees and expenses, half of which shall be deposited

with the Secretariat before the expert renders service. When only one party makes the request, it shall deposit the whole amount required.

SEC. 45. ***Finality of Awards.*** – Where arbitration is resorted to by the disputing parties, the arbitral award shall be binding upon them. It shall be final and unappealable except on pure questions of law which shall be directly appealable to the Supreme Court within a period of fifteen (15) days from receipt of notice by any of the parties thereto. An award shall become final and executory after the lapse of fifteen (15) days from receipt of notice without an appeal being taken.

SEC. 46. ***Execution and Enforcement of Awards.*** – As soon as a decision, order or award has become final and executory, the arbitral tribunal or the single arbitrator, with the concurrence of CIAC, shall, *motu propio* or on motion of any interested party, issue a writ of execution requiring any sheriff or other proper officer to execute said decision, order or award. An appeal interposed shall not stay the execution of an arbitral award, judgment, final order or resolution sought to be reviewed unless the Supreme Court shall direct otherwise upon such terms as it may deem just.

In case of mediation where any of the parties fail to abide by the terms and conditions of the compromise agreement, the appointed mediator of the dispute shall automatically be deemed the sole arbitrator for the purpose of rendering a judgment based on the compromise agreement and executing the same as an arbitral award.

SEC. 47. ***Liability of Construction Arbitrators and Mediators.*** – The construction arbitrators and mediators shall have the same civil liability for acts done in the performance of their duties as that of public officers.

CHAPTER VIII

CONSTRUCTORS PERFORMANCE EVALUATION SYSTEM

SEC. 48. ***Constructors Performance Evaluation System (CPES).*** – The CPES shall be the standard rating system of evaluating the performance of constructors based on a uniform set of criteria to include workmanship, materials, time, facilities, resources deployment, and environmental, safety and health. Performance evaluation shall be undertaken during construction and upon completion of each project.

SEC. 49. ***Use of Performance Evaluation System.*** – The Authority shall provide for guidelines and issue the necessary rules and regulations for the use of Constructors Performance Evaluation System (CPES) in all construction projects in the country regardless of the funding source.

SEC. 50. ***Implementation of the CPES.*** – Implementing agencies shall be required to establish their own respective CPES Implementing Units (IUs) which shall be responsible for the implementation of the CPES. The Authority shall screen and accredit duly qualified technical personnel as Constructors Performance Evaluators who shall undertake the actual task of evaluating constructor's performance. The Authority shall also serve as the repository of reports on constructors' performance rating which shall be made

accessible to all implementing agencies, in particular, and to the public, in general.

CHAPTER IX

FINAL PROVISIONS

SEC. 51. ***Suppletory Application of Other Existing Laws*** – Insofar as the powers and responsibilities of mediators are related, the pertinent provisions on Mediation of Republic Act No. 9285 shall apply suppletorily to construction mediators.

The Uniform General Conditions of Contract for Private Construction (CIAP Document 102), shall likewise be applied suppletorily in cases where the parties have failed to incorporate in their contract a general conditions of contract or to fill in the omissions or ambiguities in the contractual stipulations of the parties.

SEC. 52. ***Application of Standards.*** – Whenever applicable, all standards for methods and practices in construction prescribed by the Authority pursuant to the provisions of this Act shall be adopted by the concerned agencies, entities, and industry practitioners. Any departure therefrom shall be justified.

SEC. 53. ***Transitory Provisions.*** – Upon approval of this Act, the officers and employees of the Construction Industry Authority of the Philippines (CIAP), Philippine Contractors Accreditation Board (PCAB), Philippine Overseas Construction Board (POCB), Philippine Domestic Construction Board (PDCB), Construction Industry Arbitration Commission

(CIAC), and the Construction Manpower Development Foundation (CMDF) shall be transferred to the Authority and shall continue to perform their respective functions, duties and responsibilities, and receive the corresponding salaries and benefits until a new structure and plantilla shall have been submitted to and approved by the Department of Budget and Management within ninety (90) days after the effectivity of this Act.

All permanent employees of the CIAP, PCAB, POCB, PDCB, CIAC, and the CMDF who are not absorbed or transferred in the Authority are hereby declared qualified for early retirement and shall be entitled to separation pay equivalent to three (3) months for every year of service, in addition to retirement and other benefits allowed under existing laws. For this purpose, the revenues of CIAP, PCAB, POCB, PDCB, CIAC, and CMDF are hereby appropriated and set aside for deposit in a separate trust account for the payment of separation pay.

Upon effectivity of this Act, all revenues of CIAP, its implementing Boards, CIAC, and CMDF shall be set aside and deposited in a separate trust account to cover the payment of separation pay.

The CIAP, POCB, PCAB, and PDCB, and CMDF are hereby abolished and all their funds, records, personnel and properties are hereby transferred to the Authority. However, except for its personnel, CIAC shall continue to exist as an independent body which shall be attached to the Authority for purposes of policy and program coordination.

SEC. 54. ***Funding.*** – All income from fees, fines, penalties and other charges imposed by the Authority are deemed corporate income for the purposes of this Act, and shall directly be used by the Authority to provide additional financial incentives to all its employees according to criteria to be determined by the Authority.

SEC. 55. ***Separability Clause.*** – If any part or provision of this Act is declared unconstitutional, other parts or provisions hereof which are not affected shall continue to be in full force and effect.

SEC. 56. ***Repealing Clause.*** – All laws, rules and regulations or parts of Republic Act No. 4566, Presidential Decrees No. 1167 and 1746 and Executive Order No. 1008, inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly. The provisions of Presidential Decree No. 1096 and Executive Order No. 133 and all other existing laws, proclamations, decrees, letters of instruction, rules and regulations, contrary to or inconsistent with the provisions of this Act are hereby superseded, amended, modified or repealed accordingly.

SEC. 57. ***Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its complete publication in two (2) national newspapers of general circulation.

Approved,