

Republic of the Philippines  
Ministry of Public Highways  
OFFICE OF THE MINISTER  
M a n i l a

July 28, 1978

MINISTRY ORDER )  
                          )  
NO. 135 )  
                          )  
Series of 1978 )  
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SUBJECT: Reduction of Contract Cost  
for Projects Undertaken  
Thru Negotiated Contracts

TO ALL: Regional Directors  
          Bureau Directors  
          Directors and Chiefs of Services  
          District and City Engineers

Per instruction of His Excellency, the President and Prime Minister, we should reduce our present contract cost for negotiated contracts.

Based on studies made by this Ministry on the reasonable cost of projects awarded thru negotiated contracts in the different regions considering that most of the contractors for negotiated contracts usually come from the locality where the project is located, a reduction in the allowed percentage for contingencies, overhead and miscellaneous and for mobilization and demobilization will still give the contractors a reasonable profit.

It is therefore desired that henceforth, the cost of negotiated contracts for any infrastructure project within our Ministry should be seven (7%) percent below the Government Estimate.

In this regard, it is enjoined that in the preparation of Government Estimate, the lowest cost of fuel, oil and other construction materials in the area where the project is located should be considered only, and no margin of allowance should be given for possible increase in cost of these items inasmuch as P.D. 454 already authorizes adjustment of contract cost whenever warranted by circumstances. The equipment rentals should be based on the rental rates issued by ACEL (Associated Construction Equipment Lessors, Inc.). The cost of cement should be based on prices issued by the Price Stabilization Council and likewise, the prices of reinforcing bars as issued by the National Steel Corporation and approved by the Iron and Steel Authority.

It is desired that this Order be immediately and strictly implemented.

  
BALTAZAR AQUINO  
Minister