

Chairman Opening Address to OSC Conference 2017 Grand Millennium Hotel

Good morning Your Excellencies, colleagues and friends.
Before all things, let me wish you all a prosperous new year. I hope 2017 will be more fruitful to all of us.

The year 2016 was a challenging year. The core key challenge was delay in payments, resulted in sever negative cash flow.

OSC has engaged with the Ministry of Finance several times, and has proposed practical solutions to address this issue. However, the Ministry, having exhausted by June the RO 1.2 billion allocated for development projects in 2016, pursued the strategy of trickle payment to buy time till the 2017 budget is approved.

We will learn from Mr. Ashok Hariharan of KPMG how the 2017 budget will impact us. In general, I can see that the construction community will have to bear additional burdens in their contracts. Such as increase in labor clearance fees, fuel cost fluctuation, financial cost due to delay in payment. Also, the RO 1.2 billion cap set for development projects will be exhausted to pay 2016 outstanding, leaving very little for new projects.

I personally feel that 2017 will not be different from 2016. In fact, we might see fewer projects from the government. We need to come to term that the business environment is changing around us. We also must adapt and be more creative. Or else we will not survive.

Tanfeedh, the national initiative for the diversification of economy, has revealed that there are 121 initiatives and projects in the pipeline which mostly will be funded by private sector. We need to be on that train and we need to be prepared for the trend shift. Later in the day, panelist who was involved in Tanfeedh will talk about opportunities, partnerships and facilitation.

OSC was actively involved in Tanfeedh. In fact, the construction sector manpower initiative was very well received and became the pathfinder for the other three key sectors, manufacturing, logistics and tourism. The CEO will brief us in his presentation about the initiative and its outcome.

Tomorrow we plan to have an interaction session, during which, we shall deliberate deeper on possible solutions to address delays in payment, fuel fluctuations and Business environment.

It is very clear that we must continue as a community under OSC to drive all these challenging concerns. I think, for sure what we should not do is to weaken this community and we should continue our efforts and support collectively. The tough events in 2016 show that being an inactive member outside the OSC is no longer an option to all of us.

I would like to thank you all for attending and would like to thank OSC for the hard work.