

Dubai budget reflects Plan 2021 goals

GOVERNMENT REVENUE FROM FEES PROJECTED TO RISE 6% DUE TO GROWTH IN TOURISM AND RETAIL BUSINESSES

DUBAI

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Dubai's Dh47.3-billion budget for 2017, approved by His Highness Shaikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, targets boosting infrastructure spending in line with the targets of Strategic Plan 2021.

The total budget allocation for the year is up by Dh1 billion (2.6 per cent) compared to Dh46.1 billion in 2016.

Infrastructure spending is up by 27 per cent compared with 2016. Overall, the 2017 budget has a deficit of Dh2.5 billion which represents 0.6 per cent of the gross domestic product (GDP) of Dubai.

"The 2017 budget was adopted with a deficit of Dh2.5 billion, representing 0.6 per cent of the GDP of the emirate. The deficit resulted from the reclassification of the budget and the 27 per cent increase in infrastructure expenditure," said Abdul Rahman Saleh Al Saleh, director-general, Department of Finance, Government of Dubai.

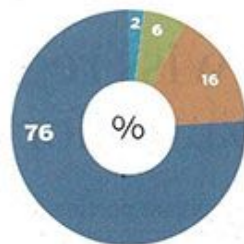
The total 2017 revenue is anticipated to decline compared with 2016, but government revenue from fees, on the other hand, will increase by six per cent due to economic growth and growth of other strategic sectors – including tourism and retail businesses. Oil revenue is expected to represent 6 per cent of total government revenues.

The budget aims to provide more than 3,500 new jobs, reflecting the government's keenness on creating further job opportunities.

The 2017 budget reflects Dubai Strategic Plan 2021 targets and future commitments. The budget features a significant rise in infrastructure spending targeted at boosting the emirate's status as a leading destination for work and tourism.

"The Dubai budget for 2017 announced by His Highness Shaikh Mohammed Bin Rashid Al Maktoum comes as a great boost to the Dubai Infrastructure industry. With the government's aim to create 3,500 jobs, we see positivity and a good outlook for the coming year. The vision and leadership of His Highness is once again materialising in an encouraging manner to enhance Dubai's infrastructure and economy simultaneously," said Esam R. Al Mazroui, vice-chairman of Bahri & Mazroui Group. The

2017 Revenues



■ Government fees
■ Customs revenues
■ Oil revenues
■ Government investment returns

Source: Government of Dubai ©Gulf News

Dubai will count on public-private partnerships to build modern practices in the management of financial resources.

budget has also shown the government's concern for social services, including health care, education, culture and housing, which contributed to the high rating of the UAE in global competitiveness indices, and ranking first in the happiness index regionally.

"The Financial Regulations for the Government of Dubai Law developed the general budget classification of the government entities. Some entities were put in a new order under the independent or annexed budgets, which led to the reduction of budget revenues and expenditures," said Al Saleh.

Al Saleh, however, stressed that the 2017's budget expenditures recorded an increase of three per cent from the expenditures approved for 2016's budget, which reflects the expansion of the Government of Dubai and its determination to support the local economy.

Going forward, Dubai will count on partnership between the public sector and the private sector, to build modern practices in the management of financial resources efficiently.

"Over the coming years, this law [No. 22 of 2015] will contribute to the implementation of some public projects in partnership with the private sector, which will enhance creativity and innovation, raise the government's performance rates, achieve government efficiency, and enhance transparency."

Allocation

Dubai's total budget allocation for the year 2017 is up by Dh1 billion (2.6 per cent) compared to Dh46.1 billion in 2016.

27%

rise in infrastructure spending.

Dh2.5b

deficit, representing 0.6% of Dubai's GDP.



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A container vessel at Jebel Ali Port. The Dubai budget features a significant rise in infrastructure spending with an eye on tourism. Picture for illustrative purposes.

Restructuring budget

Emirate to spend more despite projected decline in revenue

DUBAI

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The Government of Dubai's 2017 budget shows an increase in budget allocations driven largely by higher infrastructure and social spending even as total government revenues are projected to decline.

Earlier this year, the government issued the Financial Regulations for the Government of Dubai Law No 1 for 2016 on restructuring the emirate's budget. The law identified new classifications for the general budget – acknowledging general, independent and extension budgets.

The new classification allows each party to exercise its functions independently and more transparently.

"The restructuring of the budget and the new classification of entities resulted in a decrease in projected revenue figures for the fiscal year 2017 compared to 2016," the Government of Dubai said in a statement. "However, comparing revenue items for 2017 with 2016 make it obvious that the government expects an increase in fee revenues [of] 6 per cent. This is due to the economic growth of the emirate and the growth achieved in sectors such as tourism and retail."

Government fees represent 76 per cent of government revenues while tax and customs collections represent 16 per cent.

Oil income was limited to only 6 per cent of total government revenues while 2 per cent of total government revenues will be coming from government investment returns, as a vital contribution to supporting economic growth.

Confirming the government's keenness to sup-

port the local economy, government expenditures for the 2017 budget have seen a 3 per cent increase compared to 2016.

As part of the government's continued efforts to raise the levels of happiness and offer a decent life for citizens and residents, the 2017 budget has also seen the allocation of resources for 3,500 new job opportunities. The allocation of salaries and wages represents 33 per cent of total expenditures, while general, administrative and support expenditures, as well as grants represent 47 per cent of total expenditure.

Despite the new classification, these expenditures have seen an increase of 6 per cent compared to the 2016 budget, which confirms a keenness to support the community through the expansion of health, education and housing expenditures, while raising the level and quality of sports, artistic and cultural activities, as well as supporting innovation.

The Government of Dubai continues to support infrastructure projects as well as future projects related to Expo 2020 Dubai.

Infrastructure allocation increased by 27 per cent from the 2016 allocation to account for 17 per cent of total government expenditure.

"The Dubai 2017 budget is positive and pragmatic," said Paras Shahdadduri, Chairman of the Nikai Group of Companies. "The budget allocation for infrastructure will go up by 27 per cent. This is a welcome move. The projects will further fuel economic activity in the emirate."

Dubai managed to attain financial sustainability by achieving an operating surplus of Dh2.9 billion in the current financial year. This illustrates the breadth of the emirate's financial solvency, the Government said in a statement.