

Dubai budgets for more growth

Emphasises fiscal responsibility and targets Dh29.9b in revenues on spending of Dh33.6b



Dubai: The Dubai Government expects to generate Dh29.9 billion in revenue against expenditure of Dh33.6 billion this year, leaving it with a Dh3.77 billion deficit, said the Department of Finance (DoF).

His Highness Shaikh Mohammad bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, approved the budget for 2011 Wednesday.

This expenditure for 2011 is slightly lower than the Dh35.4 billion in spending announced last year — which was six per cent lower than the 2009 budget. The revenue for this year is slightly higher than the Dh29.4 billion projected in January last year.

Spending plans

"About 43 per cent of total expenditure was allocated to the economy, which includes several of Dubai's vital segments such as roads and transport, airports and civil aviation, as well as tourism, among others," a government spokesperson said.

"The budget deficit has been kept within the targeted bracket of three per cent of Dubai's GDP," the spokesperson added.

As directed by Shaikh Mohammad, the budget aims to generate the revenue needed to stimulate economic growth and financial sustainability in Dubai.

"Ensuring the efficiency of government expenditure and the optimization of the economic and social returns are among key principles to be realised in the local government's budget," a statement said.

Social development, which includes health and education services, will receive 24 per cent of the total public expenditure in the 2011 budget.

The General Services and Government Excellence sector, including but not limited to the Ruler's Court, Department of Finance and the Land Department, has been allocated 11 per cent of total expenditure, while 22 per cent of the expenditure has been earmarked for the security, safety, and justice sectors.

Fiscal tightening

The budget reflects a belt-tightening policy that will help the government overcome hurdles.

Abdul Rahman Al Saleh, Director-General of the Department of Finance, said: "Various government entities have succeeded in guaranteeing a possible current account surplus of Dh1.9 billion estimated as an immediate result of the efforts to direct spending and improving efficiency.

"Increased awareness among government officials to optimise their departments' financial efficiency also contributed towards enabling this surplus."

A significant 23 per cent of public expenditure, valued at Dh7.5 billion, has been allocated to developing and completing pre-approved infrastructure projects that promote economic growth and stimulate the flow of local and foreign investments.

Macro-economy

Al Saleh affirmed that the 2011 budget reflects Shaikh Mohammad's directive to continue the development of Dubai's infrastructure and to support of the emirate's macro-economy.

It also reflected an increase in efforts to elevate economic and social welfare in Dubai. The budget was drafted within the framework set by the Supreme Fiscal Committee chaired by Shaikh Ahmad Bin Saeed Al Maktoum, President of Dubai Civil Aviation and Chairman and Chief Executive of Emirates airline and Group.

Economists and business leaders have welcomed the budget, saying a conservative fiscal approach is crucial to turning around the emirate's economy.

"This demonstrates a fiscally responsible approach," said Omar Hijazi, Managing Partner of Digital Daya, a Dubai-based social media organisation.

"This is a very positive development for Brand Dubai, reflecting a fiscally responsible governance that will be well received by the international community," Hijazi added.

Economic growth

Zyad Aldabbas, economist at the National Bank of Abu Dhabi, said: "Despite Dubai's debts, the government is trying to spend more, according to the budget.

"Public expenditure is a vital clue that reflects the Dubai government's determination to stimulate economic growth and financial sustainability."