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No increase in Dubai public spending

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Last year, budgeted infrastructure spending shot up by close to 50pc, to 11.9 billion dirhams, as Dubai made preparations to host the Expo 2020 world's fair. — File photo

DUBAI: Dubai expects to almost halt the growth of state spending this year as revenues expand more slowly because of the emirate's efforts to stimulate business investment, according to the 2019 state budget released on Tuesday.

State spending will total 56.8 billion dirhams ($15.5bn), the plan showed. That would be only a marginal increase from last year's original budget plan of 56.6bn dirhams, which was a 19.5pc rise from 2017.

Last year, budgeted infrastructure spending shot up by close to 50pc, to 11.9 billion dirhams, as Dubai made preparations to host the Expo 2020 world's fair.

These preparations will continue but some Expo projects have now been completed, and the 2019 budget projects a fall in infrastructure spending to 9.2bn dirhams.

Meanwhile, state revenues are projected to reach 51bn dirhams this year, up just 1.2pc from last year's budget plan, which included a 12pc jump in revenues.

For attracting foreign investment and keep Dubai competitive against rival economies in the region, the government decided last year to reduce some of the fees it charges, freeze fee increases for three years, and refrain from imposing any new fee without providing a new service.

Since non-tax revenues account for 64 percent of total revenue in the budget, the investment incentives have had a significant impact on the government's ability to finance higher spending.

The 2019 budget projects a deficit of 5.8bn dirhams, down slightly from the projected 2018 deficit of 6.2bn dirhams.

Abdulrahman Saleh al-Saleh, director-general of Dubai's Department of Finance, said in a statement that the government was running an operating surplus, excluding investment spending and non-recurring revenue, of 850 million dirhams.

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