

## RESEARCH ARTICLE

# ANALYZING LOCAL REVENUE IN LOCAL OTONOMY IMPLEMENTATION TOWARDS SELF-RELIANCE OF SAMARINDA MUNICIPALITY

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### ABSTRACT

The local government used as self-financial source the Local Revenue (LR) particularly derived from local tax and local levies. The usage of self-financial source was reflected by the freedom of deciding the potential kinds of tax and local levies since it satisfied the criteria distinguished in law. In order to achieve general policy direction and strategic plan in long-range development plan, the intermediate-range and short-range annual plan were carried out every year as appointed through local budget (LB). This research was carried out in accordance with the census on time series from 2001 to 2003 so it was pooled data, i.e. combined data between the time series data during 3 years. The research results show that the average Local Revenue and Local Budget (LR/LB) in the range of 3 years was 6.98%. It is considered as in consolidation autonomy position and categorized Samarinda Municipality entering the low autonomy position. On the other hand, if it was seen from local Revenue and Gross Domestic Product (LR/GDP) in operative price basis in range of 3 year the average was 0,57 and so autonomy in the local self-deviance had not yet achieved the consolidation autonomy position.

**Key words:** Local revenue, Local Autonomy, Autonomy Implementation, Region Self Reliance, Samarinda Municipality Self Reliance.

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### INTRODUCTION

Authority of local government to search for the financial resources is performed through Locally-generated revenue (PAD) with the local taxes and local levies as the main source, regulated in Law Number 28 year 2007 about Regional taxes and levies. This illustrates the desire and seriousness of local Government to implement the autonomy by providing more flexibility for local authorities to utilize the potential in the region. Obviously the potential utilization must remain within the bounds of reasonableness with the criterion of exploiting the potential to improve public services and regional development on the one hand, and to consider the ability of society to bear the local tax and levies on the other side. Local freedom to utilize financial resources is reflected by freedom to specify the potential type of taxes levies in the region since the criteria set out in ordinance is satisfied. The important thing for urban community is that the fund region fund utilization should be based on the use of the calculation and the consistent social benefit-cost analysis. In implementation the local Government in addition to having locally-generated Revenue (PAD) to finance the activities in the region also obtains equalization funds derived from tax and non-tax, both from central Government and Provincial Government. Government policies in financial sector are known as fiscal decentralization, in the form of delegated authority in revenue acceptance previously centralized in administration and utilization as arranged or carried out by Central Government to local Government.

Delegating part of authority to accept of the sources of state revenue expected that the region will be able to carry out the tasks, public services and increase the capital investment in the region (Elmi, 2002). Fiscal decentralization implies that the region is given (1) authority to utilize its own financial resources. (2) the financial balance between the Central and Regional. Considering that the local financial is important to rise the local autonomy, while the local government can not carry out its functions effectively and efficiently without considerable cost to provide services and development (Pamudji, 1980). Improving the reposition of government system requires acceleration of economic growth and development with the help of local government and society by implementing the laws, 32 of 2004 about local Government and law No. 23 of 2004 about financial balance between Central government and local Government.

More involvement of local Government in supporting national development through the expansion of local authority in various development sectors will accelerate local development and increase empowerment of the role of local Government through Regional Autonomy. Among the important indicators in supporting Local Autonomy is derived from the sources of funding obtained through the economy of the region and through other funds derived from the division of taxes collected by central government to support local development. The research team of Physipol in Gajah Mada University (UGM) in collaboration with Research & Development of Home affairs (Litbang Depdagri) determine the local ability from the ratio of Local Revenue to the total local budget that below 10 % is very less, 11-20% less, 21-30% moderate, 31-40% moderate, 41-50% good and 51% upward is excellent source of spending in rupiah (Salim, 1976).

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Standardization of autonomy position toward regional independence starting from phase of Consolidation, low Autonomy, Medium Autonomy and high Autonomy is not only comparing the local budget with local Revenue but also compared with the Gross Domestic Product (GDP) as an indicator of local economy. The details can be seen Table 1. The research problems is "Do local autonomy change the standardization of autonomy position from consolidation toward low, medium or high autonomy to with the established standardization to achieve local self-reliance?" This study aims to analyze and prove the influence of local autonomy changing standardization of autonomy position from the consolidation toward low, medium or high autonomy to distinguished standardization to achieve local self-reliance. Decentralization is an efficient instruments of development management. Indonesia's geographic condition with region spreading scattered makes such complex problems of national development. Development may not be oriented only on the dimensions of the optimization of support and development of resources in the regions, but also on the dimensions of unity, the functions that should be done by the state can be divided into the central powers and regional powers (autonomy).

City government should try to increase local revenue each year, because the demand of the population for public and social services is increasing. This is to create the region's autonomy in managing their own household, as outlined in the form of the Local Budget (APBD) which is commonly known as Local Finance. To accelerate the regional economic development to be effective and powerful by empowering actors and potential of local economic, as well as the observance of the layout both physically and socially that the equitable economic growth occurred go along with the implementation of regional autonomy. The local government can raise funds as the local pure income and it is then used by the region to fund local projects. Freedom to utilize own financial resources is reflected by the discretion to define the type of potential Taxes and levies in the region, since it satisfies the criteria set out in the Act. Further guidance on Local Taxes and levies is that the distribution of funds should be based on consistent calculation/analysis of social benefit-cost. Unaccountable projects of city government should not be implemented. It should be remembered that the city's source funds is clearly limited. Projects are usually in the form of public services, such as prevention of urbanization, the environment, poverty, crime, health and social-oriented education that may not or hardly take into account the social costs and was decided, therefore should not be implemented without notice in term of its economy. Consequently the projects become expensive and only partially be implemented because of limited funds (Reksohadiprodjo, 1993).

In addition, the balance between the central and regional finance is done through Equalization Fund consisting of:

- Regional revenue from tax and Non-Tax;
- General Allocation Fund; and
- Special Allocation fund

The important made by the local government to realize the local self-reliance is to increase the potential sources of economic as a business activity of private sectors, resulting from these activities is increasing economic growth in the area and at the same time increasing the income of society and local government particular and of course it can be achieved by

creating a conducive climate of investment and lead to profitable business activities.

## RESEARCH METHODOLOGY

The intent and purpose of the study as well as the time available and the objects as the research focus, using the following method:

- Collecting secondary data after verification of truth.
- Analyzing the secondary data and draw conclusion, either in the form of time series data and cross section required to address the problems.

### Section required to adress the problems.

This research was conducted by census with the data in the form of time series of the year 2010-2012 to be pooled data, i.e combined data of time series data for 3 years. The technique of data population retrieval includes the activities as follows:

- Doing data verification, to obtain valid and reliable data.
- Creating an accurate data tabulation, in accordance with the need of analysis
- Doing financial analysis including the ratio of LR/LB, LB/PDPJB and LR/GDP.

The research instrument is to apply the explanatory research and the data in the form of time series as secondary data obtained by questionnaire and documents from the Office of National Statistics Agency. Regional Development Planning Agency, Revenue Division, Finance Department Secretariat and District office in Samarinda Municipality. The research was conducted in all districts in Samarinda Municipality, consisting of Samarinda Municipality Iir District, North Samarinda Municipality, Samarinda Municipality Ulu, Sungai Kunjang, Samarinda Municipality Seberang and Palaran District.

As all data were secondary data, the data collection followed the procedures as follow.

- **Data Collection Procedures:** The secondary data were taken from Statistic Centre Board (SCR), Regional Development Planning Board (RDPB), Local Revenue Department (LRD) and Finance Department at the Districts and Samarinda Municipality. Such data were obtained from reports and books published by the District and the City Government of Samarinda Municipality, in which the data were relevant to this paper.
- **Data Collection:** Data provided were in the form of secondary data collected, observed and then discussed with the policy makers and the data processor in order that data were valid, reliable and accurate.

## DATA ANALYSIS

### Descriptive Analysis

The successful rate position of the implementation of local autonomy in realizing the local self-reliance was revealed acceptance. The three financial resources are briefly presented below.

**Tabel 1. Standardization of autonomy position toward local self-reliance**

No	Standardization of Autonomy Position	Locally-Generated Revenue/Local Budget	Local Budget/Gross Domestic Product	Locally-Generated Revenue/Gross Domestic Product
1	Consolidation	<15%	<5%	<1%
2	Low autonomy	15%-30%	5%-10%	1%-2%
3	Middle autonomy	30%-45%	10%-15%	2%-3%
4	High autonomy	>45%	>15%	>3%

Source: Zadjuli (2002, 2004, and 2005)

**Table 2. Local Self-Reliance**

Years	Indicator of Local Self-Reliance (%)				
	PAD/APBD	APBD/PDR B Price Constant	APBD/PDR B Price Valid	PAD/PDRB Price Constant	PAD/PDRB Price Valid
2008	6,06	16,06	7,49	0,97	0,45
2009	7,33	18,29	7,74	1,34	0,57
2010	7,54	18,06	9,12	1,36	0,69
Average	6,98	17,47	8,17	1,22	0,57

### Locally-generated Revenue (PAD)

Locally-generated Revenue (PAD) of Samarinda City consists of the Local Taxes, Local Levies, Profit Division of Regional Enterprise and other Legal Locally-generated Revenue. The Locally-generated revenue (PAD) in 2010 amounted to Rp 29, 977, 874, 986, 00, in 2011 and increased to arrive at Rp 45, 507, 021, 903, 00, then in 2012 also increased to become Rp. 55, 188, 761, 708, 89.

### Local Tax

Based on the research result in the local revenue structure of Samarinda, the Local Tax Realization in 2010 was Rp 12, 760, 931, 793.00, the realization in 2011 was as much as Rp 16, 819, 448, 224, 00 and in 2012 the realization was as much as Rp 22, 107, 806, 270. 63.

### Local Retribution

For the Local Retribution, the realization could achieve the amount of Rp 13, 470, 215, 247. 00. It got then an increase to Rp 16, 709, 707, 171. 00. In 2011 and then further increase to Rp 20, 0968, 943, 868. 60, in the realization in 2012.

### Profit Division of Regional Owned enterprises (BUMD)

Realization at the Profit Division of Regional Owned Enterprises (BUMD) in 2010 amounted to Rp. 238, 691, 187. 00, in 2011 was Rp. 317, 055, 186, 63. And in 2012 there was no realization. On other divisions of Legal Local Revenue the realization of Rp 3, 508, 036, 759.00, was obtained in 2010 then the realization in 2011 was Rp 11. 660, 811, 321. 37 and Rp 12, 112, 011, 569. 66 was realized in 2012.

### Fund in Balance

The fund in balance consists of two divisions; the Provincial Profit Sharing and the Center Profit Sharing. In 2010 it obtained from the fund in balance the amount of Rp 431, 156, 106, 927. 98, then in 2011 there was an increase to Rp. 469, 042, 084, 507. 99 and in 2012 it increased again to become Rp. 569, 104, 141, 475. 57.

### Provincial Profit Sharing

From the Provincial Profit Sharing in 2010 the revenue was Rp. 46, 090, 116, 505. 00. In 2011 there were Rp. 34, 715, 632, 988. 28 and Rp. 66, 869, 508, 347. 45 in 2012.

The Provincial Profit Sharing consists of four (4) type of revenues. There were respectively:

- Tax for Motor Vehicle and Fee for Conversion of Vehicle Ownership (PKB/BBNKB).
- Tax for Motor Vehicle Fuel (PBBKB).
- Tax for Collection and Utilization of Groundwater / Surface water (P3ABT).
- Assistance/Subsidy of Development.

From the Tax for Motor Vehicle and Free for Conversion of Vehicle Ownership (PKB/BBNKB) in 2010, the tax accepted was Rp. 8, 913, 719, 950. 00. It was then fell to Rp. 6, 905, 994, 675. 00 in 2011 and increased to Rp. 14, 406, 548, 838. 00 in 2012. From the Tax for Motor Vehicle Fuel (PBBKB) in 2010 the earning was Rp 1, 626, 396, 655. 00 and increase to Rp. 5, 511, 626, 417. 63 in 2011. It increased again to Rp 10, 764, 794, 117. 00 in 2012. From the Tax for Collection and Utilization of Groundwater/Surface water (P3ABT), no earning was received in 2010. But in 2011 there was earning as much as Rp 898, 011, 895.65 and in 2012 the earning amounted to Rp 698, 165, 392.45. On the assistance/Subsidy Development, Samarinda Government obtained fund aid as much as Rp 35, 550, 000, 000. 00 in 2010, Rp 21, 400, 000, 000. 00 in 2011 and Rp 41, 000, 000. 00 in 2012.

### Center Profit Sharing

The Government of Samarinda received funds from the Center Profit Sharing as much as Rp 385, 065, 990, 422. 98 in 2010, and increased to Rp 434, 326, 451, 519. 71 in 2011, and then in 2012 increased to Rp 502, 234, 633, 128. 12 The Center Profit Sharing consists of ten (10) types of revenue, namely;

- Land and Building Tax (PBB)
- Tax on acquisition of land and Building (BPHTB)
- Income Tax (VAT)
- Forestry Sector
- Mining Sector
- Fisheries Sector
- Petroleum Sector
- Natural Gas Sector
- General Allocation Fund (DAU)
- Special Allocation (DAK)

**The Land and Building Tax (PBB) :** Rp 16. 030. 394. 673, 00 in 2010, increased to Rp 20. 831. 467. 093, 00 in 2011 and then Rp 27, 726, 741, 017. 00 in 2012.

**Tax on Acquisition of Land and Building (BPHTB):** Rp. 3, 016, 836, 200.00 in 2010, then Rp. 4. 926394, 977, 00 In 2011, and Rp 6, 920, 209, 235, 00 in 2012.

**Income Tax (PPH):** Rp. 10, 098, 630, 000. 00. in 2010, then Rp 15, 200, 340, 000. 00. In 2011 and Rp 20, 785, 092, 000. 00 in 2012.

**The tax on Forestry Sector.** Rp 2, 489, 154, 215, 00, then Rp 3. 456. 500 459. 09 in 2011 and Rp 18, 829, 154, 496, 15 in 2012.

**On the The tax on Mining Sector.** Rp 11, 057, 418, 583. 00 in 2010, Rp 14, 232, 268, 974, 60 in 2011 and Rp 30, 939, 787, 136. 95 in 2012.

**Tax on Fishieris Sector:** No revenue received in 2010, but there were Rp 103, 337, 753. 04 in 2011 and again in 2012 there was not revenue.

**Petroleum Sector:** Rp 35, 837, 529, 804. 00 in 2010, then Rp 43, 482, 646, 375. 00 in 2011 and Rp 41, 614, 727, 087, 00 in 2012.

**Natural Gas Sector:** Rp 110. 102. 486. 947. 98. 00 in 2010, Rp 136, 628, 870, 887. 98 in 2011 and Rp 150, 040, 883, 656. 02 in 2012.

**General Allocation Fund (DAU):** The Government of Samarinda got revenue from this type as much as Rp 196, 433, 540, 000. 00 in 2008, then Rp 195, 464, 625, 000. 00 in 2009 and Rp 200, 423, 817, 500. 00 in 2010.

**Special Allocation Fund (DAK):** The Government of Samarinda did not get share from the Center Profit Sharing in 2008 and 2010, but in 2010 it got Rp 4, 954, 221, 000. 00.

**Other Legal Revenue** Samarinda Government had no revenue from other legal revenue from 2010-2012.

### Descriptive Analysis

Based on the revenue and expenditure structure in which.

**Regional Income Structure:** The structure of local revenue consists of the revenue and financing. The revenue consists of:

#### Locally-generated revenue

Regional Income includes Local Taxes, Regional Levies of Profit Devision of Corporation and Other Legal locally-generated revenue, In overall, the locally-Generated Revenue in 2010 was Rp 29, 977,874, 986. 00, in 2011 was Rp 45, 507, 021, 903, 00. and then in 2012 was Rp 55, 188, 761, 708. 89.

#### Balancing Fund

Balancing Fund consists of Province Profit Sharing covering Motor Vehicle Tax and Fee for Conversion of Vehicle Ownership, Fuel Tax of Vehicle tax of Tax for Collection and Utilization of Groundwater/Surface Water (P3ABT) and Aids / Subsidy of Development where the government got revenues Rp 46, 090, 116, 505, 00. Of balancing funds in 2010.

Then in year 2011 the revenue was Rp 34, 715, 632, 988, 28, and in 2012 was Rp 66, 869, 508, 347, 45. Mean while, the Center Profit Sharing covering Land and Building Tax, Tax on Acquisition of Land and Building, Income Tax, Revenue from Forestry Sector, Mining Sector, Fishery Sector, Petroleum Sector, Natural Gas Sector, General Allocation Fund and Special Allocation Fubd with revenue in 2008 as much as Rp. 385, 065, 990, 422.98 in 2012, then Rp 469, 042, 084, 507. 99 in 2009 and further Rp 569, 104, 141, 475, 57 in 2010.

### DISCUSSION

Based on the quantitative research result analysis of local self-reliance position using descriptive analysis, the discussion is as follow. With refrence to the standardization of autonomy position to local self-reliance of Samarinda, the Regional Government got Locally-generated Revenue/Local Budget (PAD/APBD) 6.06% in 2010, 7.33% in 2011 and 7.54% in 2012, Or 6.98 on average for the period of three years. By comparing the standardization of autonomy position to local self-reliance, Samarinda during the implementation of local autonomy since 2010-2012 is still in a position of autonomy consolidation, because the Local Revenue/Local Budget (PAD/APBD) have not yet reached 15 %. The autonomy position towards local self-reliance if seen from the Locally-generated Revenue/Local Budget (PAD/APBD) at constant prices was 0.97% in 2010, 1.34% in 2011 and 1.36%in 2012, or an average of 1.22%. seeing these figures it can be categorized Samarinda in the position of Low autonomy. However, when seen from the Locally-generated Revenue/Local Budget (PAD/APBD) at current prices it amounted to 0.45%in 2010, 0.57% in 2011 and 0.96% in 2012, or an average with 3 years of 0.57%, the autonomy toward local self-reliance still achieved a consolidated position of autonomy as it was <5%. Then the APBD/PDRB at constant prices, in 2010 amounted to 16,06%, in 2011 amounted to 18,29% and in 2012 amounted to 18.06% and an average of 17.47%, can be said to be in a position of high autonomy, having reached> 15%. However, paying attention to APBD/PDRB at current price in 2010 amounted to 7.49%, in 2011 amounted to 7.74% and in 2012 amounted to 9.12%, or 8.17 in average, included in the position of low autonomy, because it still has not reached 10%-15%.

### Conclusions and Sugestions

#### Conclusion

Local Revenue/Local Budget in a period of 3 years is 6.98% in average still in a position of autonomy consolidation, because Locally-generated Revenue/Local Budget (PAD/APBD) has not yet reached 15%. Locally-generated Revenue/Gross Domestic Product the constant price of over a period of 3 years is 1.22% in average. Seeing these figures it can be categorized that Samarinda is in low autonomy position. However, seen from the Local Revenue/Gross Domestic Product The prices in the period of 3 year is 0.57% in average, then the autonomy to local self-reliance has not yet reached a position of autonomy consilidation because it is still <5%. Local Budget/Gross Domestic Product the Constant prices over a period of 3 years is 17.47% i average, it can be said to be in a position of high autonomy position, because it has achieved> 15%.

#### Suggestion

By paying attention to the Local Budget/Gross Domestic Prouct (APBD/PDRB) the price over a period of 3 years is

8.17% in average, including low autonomy position, because it has not yet reached 10% to 15. Thus it is said Locally-generated Revenue/Local Budget (PAD/APBD) achieve a consolidated position, Locally-generated Revenue/Gross Domestic Product (PAD/PDRB) at constant price, low autonomy and Locally-generated Revenue/Gross Domestic Product (PAD/PDRB) at Constant prices low autonomy and local Budget/Gross Domestic Product (APBD/PDRB) at current prices low autonomy position.

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