Fiscal Ability Analysis Of Luwu Regency 2011-2014

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Abstract: In this study, we try to see whether the regional fiscal capability is in low category, medium category or high category. The analysis in this study uses descriptive and quantitative analysis by evaluating various components of regional budget along with other aspects such as population. In the descriptive analysis it is found that the components of regional budgets such as local revenues, profit sharing, income, general allocation and personnel expenditure are increasing every year and the number of residents is increasing every year. In the quantitative analysis obtained the calculation results that, in 2011 obtained the value of calculation of fiscal capacity of 356,733, this shows that the fiscal ability of the district of Luwu then the average monthly income of the community only Rp.29,727.82 The results illustrate that the fiscal capacity of Luwu regency is still relatively low. In the year 2012 obtained fiscal capacity calculation result value of 768,356,52it shows that the fiscal ability of the district of Luwu then the average monthly income of the community is only Rp. 64,029,71. The results of this study illustrate that the fiscal capacity of Luwu Regency is still relatively low. In the year 2013 obtained value of fiscal capacity calculation of 1,034,595, it shows that the fiscal ability of the district of Luwu then the average monthly income people only Rp. 86,216.25 The results of this study illustrate that the fiscal capacity of Luwu Regency is still relatively low. In the year 2014 obtained the value of fiscal capacity calculation of 444,650, it shows that the fiscal ability of the district of Luwu then the average monthly income of the community is only Rp. 37,054 The results of this study illustrate that the fiscal capacity of Luwu Regency is still relatively low.

Index Terms: Fiscal Ability, Luwu Regency.

1 INTRODUCTION
Speaking of regional autonomy cannot be separated from the issue of wisdom. Local financial capability. Even in previous years autonomy has always been associated with automoney. That is, the independence of the region in exercising its authority is measured from its ability to dig its own sources of income. The implications of the adoption of this automoney principle are then to encourage regions to actively increase the Local Revenue (LR) and the acquisition of RSF (Revenue Sharing Funds) and other Legal Income (LP), including by creating various forms of local taxes and levies. Luwu regency is one of the districts in South Sulawesi that are affected by the regional autonomy that is the division which has resulted in leaving the capital city of Palopo which is divided into an autonomous city and leave to Belopa sub-district. This caused a logical consequence because the capacity of the capital of Luwu regency at that time was still very limited and efforts should be made to improve capacity and competitiveness, especially in terms of regional financial capacity. The location of Luwu Regency is at 2°03’00"- 3°03’25" South Latitude and 119°028’56" - 121°47’27" East Longitude of the North Pole with the benchmark position of South Sulawesi Province, thus the position of Luwu Regency is in the North and East South Sulawesi Province. Luwu District is approximately 400 km from the city of Makassar and is located in the north and east of South Sulawesi Province. Luwu County Region is divided into two regions as a result of the expansion of Palopo City; Namely the southern Luwu regency located south of Palopo City and the area located north of Palopo City. Luwu District approximately 3000.25 km2 consists of 21 sub-districts divided into 272 villages.

2 THE OBJECTIVE OF RESEARCH
The objective of this research is to know the component of revenues sourced from the fiscal plane that contribute to local revenue in Luwu regency and also to find out how big the level of fiscal capacity in Palopo City.

3 Method of Research
3.1 Place and Time of Research
The research was conducted at Luwu County Government Office and research time for 1 (one) month.

3.2 Data Collection Method
Methods The data collection used in this research are:

a. Interview; Namely research used by asking directly to the staff who handle the data.

b. Observation that is; Data collection techniques are done by doing a direct observation on the object of research.

c. Library research (library research), ie research conducted with various literature related to research.

3.3 Types and Data Sources
The types of data obtained in this study, namely:

a. Primary data, ie data obtained directly from the object / place of study.

b. Secondary data, ie data obtained from various literature related to this research, such as regional financial document.

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Departing from the above conditions, it is interesting to observe which regional revenue components play a role in local revenue in the implementation of regional autonomy in Luwu Regency after the division which is calculated during the budget period (2008-2011). It aims to find out how much fiscal independence and fiscal capacity of Luwu regency to meet regional needs in the implementation of regional autonomy during the period of (years) of observation. Based on the description above, the authors want to research with the title Analysis of fiscal capacity Luwu regency.
3.4 Analysis Method
Data collected, grouped and processed later in the analysis qualitatively or quantitatively to test the hypothesis of the problems posed by descriptive statistical analysis method (Simple Statistical Analysis). By using the formula as follows: To calculate the fiscal capacity of Palopo City area can use the formula as follows.

\[(PAD + DBH + LP + DAU) - BP = \text{total population} \times K, F\]

Where:
- \(KF\) = Fiscal Capacity
- \(PAD\) = Local Own Revenue
- \(DBH\) = Profit Sharing Fund
- \(BP\) = Source Employee Expenditure. Regulation of the Minister of Finance No. 129 2005
- \(BP\) = Population
- \(DAU\) = General Allocation Fund
- \(LP\) = Others Legal Revenue except Special Allocation Funds, Emergency Funds, Loan Funds and other receipts whose use is restricted.

Source: Minister of Finance Regulation no. 129 Year 2005 qualification to find out whether the local fiscal capacity of Luwu Regency is at low, medium, high fiscal capacity, it can be seen in the following table:

<table>
<thead>
<tr>
<th>Scale</th>
<th>Fiscal Capacity Percentage</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.00 % - 20.00%</td>
<td>Low</td>
</tr>
<tr>
<td>2</td>
<td>30.00 % - 40%</td>
<td>Moderate</td>
</tr>
<tr>
<td>3</td>
<td>&gt; 50.00 %</td>
<td>High</td>
</tr>
</tbody>
</table>

4 RESULT AND DISCUSSION
A. Description of Financial Statements
In the framework of the implementation of Regional Autonomy, in order for the government to perform its functions effectively, the regional government must be supported by adequate funding sources derived from the Balancing Fund consisting of the Regional Section and the tax and non-tax revenue share. General Allocation Fund (GAF) and Special Allocation Fund (SAF), Local Original Revenue (LOI), Regional Loans and Other Legitimate Regional Revenue. In line with this, the implementation of regional autonomy is not only seen from how big the region will get the Balancing Fund, but that is not less important is it must be balanced with the extent to which, the instrument or the ability of the current area is able to provide the feel of a more fair, rational financial management, Transparent, participatory, and accountable as mandated by both the Regional Autonomy Law. One form of balancing funds from the central government which greatly influences the performance of public service delivery is the transfer fund which is the dominant source of acceptance for the Regional Government in many developing countries. No exception in Indonesia. This source finances about 85% of local government spending in South Africa, between 67 and 95% of Mexico's poorer expenditure states, 72% of provincial spending and 86% of district / city spending in the 1990s in Indonesia. One major reason why the role of transfer funds from the center is so important to the Local Government is to maintain the minimum public service standards across the country. Keep in mind that the financial and economic conditions of the regions in many countries in the world tend to be uneven. So the central government's role is needed to reduce the disparity between regions. The design of the transfer is essential for efficiency and the achievement of justice in the provision of local public services, as well as the financial health of the Local Government. Various literature of public economics and finance State mentions several reasons for the need to transfer funds from the center to the region. First, to overcome the problem of fiscal vertical inequality. In many countries, the central government controls most of the main sources of revenue tax of the State concerned. So the local government only controls a small portion of the sources of state revenues, or is merely authorized to levy taxes whose local tax base and low mobility with characteristic magnitudes are less significant. The lack of local revenue sources relative to this obligation will lead to the need for transfer of funds from the central government. Second, as mentioned earlier, to overcome the problem of horizontal fiscal inequality. Empirical experience in various countries shows that the ability of regions to collect income varies greatly, depending on the condition of the region concerned which has natural resources or not, or areas with high or low intensity of economic activity. This all implies the size of the tax base in the regions concerned. On the other hand, the regions are also highly variable in terms of spending requirements for the implementation of various functions and public services. There are areas with poor, elderly, and children and teenagers, which are high in proportion. There are also large archipelagic areas where transportation and other infrastructure are inadequate. While on the other hand there are areas with a population that is not too large but facilities and infrastructure is complete. This reflects the high-low fiscal needs. From the areas concerned. Comparing this fiscal need with the above mentioned fiscal capacity, it can be calculated the gap or fiscal gap of each region, which should be covered by a transfer from the central government. A more detailed discussion of fiscal needs, fiscal capacity, and fiscal gaps are given elsewhere in this paper. Third, in relation to the second point above, another argument that adds to the central role of transfers from the Central Government in this context is the obligation to maintain the achievement of minimum service standards in each region. Areas with few resources require subsidies to achieve the minimum service standard. If it is associated with Musgrave postulate (1983) which states that the redistributive role of the public sector will be more effective and suitable if run by the central government, then the implementation of minimum service standards in each region will be better guaranteed by the central government. Fourth, to overcome the problems that arise and spread or overflow the effects of public services (inter-jurisdictional spill-over effects) some types of public services in one region have “spread effects” (or externalities) to other areas. For example: higher education (university), fire brigade, inter-regional connecting highways, pollution control systems (air and water), and local hospitals, can not be limited to it benefit only for certain regional communities only. But without the “rewards” (in the form of: revenue) that are meaningful from similar projects above, usually local governments are reluctant to invest here. Therefore, the central government needs to provide such incentives or submit financial resources so that such public services can be fulfilled in the regions. Fifth, for stabilization. The last reason for the need for a rare transfer fund is to achieve the stabilization goals of the central government. Fund
transfers can be increased by the government when economic activity is sluggish. At other times, it could be that the transfer of funds in the region reduces when the booming economy of the region becomes sluggish. Careful calculation is necessary in order for the action to raise / decrease the transfer fund does not result in damaging or contrary to the foregoing reasons. So, in principle the general purpose of central government funds transfers is to:

i. Eliminate or minimize fiscal vertical inequality
ii. Eliminate or minimize horizontal fiscal inequality
iii. Internalize / take into account some or all of the benefits (which incur such costs).

In addition to the above three points, it is often pointed out that the consideration of central transfer is in order to ensure the good performance of local government fiscal. This transfer is intended to encourage local governments to intensively explore the sources of acceptance (in accordance with applicable criteria) Therese result obtained equals (even exceeds) its capacity. In other words, the transfer here is intended as a "means of production" for the local government. The local government will get a transfer if its efforts in extracting sources of acceptance under its authority are equal to or exceeding / capacity. While the region will not get a transfer if its efforts generate revenue lower than its fiscal capacity. The above conditions are not necessarily autonomous regions accept and only use the APBD without considering the aspect of accountability, become an obligation of every use of APBD, as how usually that autonomous regions every year pay attention to regional financial accountability. As mentioned in the regional financial regulation namely the Regulation of the Minister of Home Affairs No. 13 of 2006 on Guidelines of Regional Financial Management that each autonomous regions submit financial statements with the following elements:
1. Budget Realization Report
2. Balance Sheet Report
3. Statement of Cash Flow
4. Notes to the Financial Statements

Table 1. Description of components of APBD 2011 to 2014

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PAD</td>
<td>18.318.366.436</td>
<td>29.322.233.932.36</td>
<td>33.623.004.017</td>
<td>59.573.884.072</td>
</tr>
<tr>
<td>3</td>
<td>Employee Expenditures</td>
<td>336.352.970.519</td>
<td>303.104.764.755</td>
<td>423.018.084.434</td>
<td>447.236.032.673</td>
</tr>
<tr>
<td>4</td>
<td>Total population</td>
<td>335.828</td>
<td>337.368</td>
<td>343.793</td>
<td>347.736</td>
</tr>
<tr>
<td>5</td>
<td>General Allocation Fund</td>
<td>396.747.997.000</td>
<td>475.295.053</td>
<td>542.118.008.000</td>
<td>556.688.150.000</td>
</tr>
<tr>
<td>6</td>
<td>Others income Region</td>
<td>16.163.516.708</td>
<td>18.378.089.681</td>
<td>121.082.430.223.2</td>
<td>192.688.004.478</td>
</tr>
</tbody>
</table>

Source: Data processed by Bappeda Luwu Regency

B. Research Results

Based on the background and purpose of this research is how the fiscal ability of Luwu regency above can be submitted research results as follows: On PAD items are local revenues consisting of local tax revenues, regional retribution revenue and income Segregated regional wealth management results. For DBH items are revenue-sharing funds are funds obtained from taxes conducted by the local government of the district of Luwu, among others, vehicle tax, income tax and other taxes levied such as PPH and VAT. For items of LP are other legitimate income consisting of grant revenues, emergency funding revenues, financial assistance from other Provincial / Local Government and Other Income. For DAU items are general allocation funds sourced from the center and given to autonomous regions in order to run the government and meet personnel expenditure. For BP items are personnel expenditures that are transferred to the local government account on a monthly basis. The results of the search of financial data in 2009 Luwu district can be known fiscal ability as follows:

1. Results of tracking of financial data in 2011 Luwu regency can be known fiscal ability as follows:

Formulation
\[
\text{Formulation} = \frac{(\text{PAD} + \text{DBH} + \text{LP} + \text{DAU}) - \text{BP}}{\text{TOTAL POPULATION}}
\]

2. The results of data search finance in 2012 Luwu regency can be known fiscal ability as follows:

Formulation
\[
\text{Formulation} = \frac{(\text{PAD} + \text{DBH} + \text{LP} + \text{DAU}) - \text{BP}}{\text{TOTAL POPULATION}}
\]
3. Fiscal Capability Measurement of Luwu Regency Year 2013

Formulation

\[
\text{Fiscal Capability} = \frac{(\text{PAD} + \text{DBH} + \text{LP} + \text{DAU}) - \text{BP}}{\text{TOTAL POPULATION}}
\]

\[
= \frac{152,867,713,353.85}{343,793}
\]

\[
\text{Fiscal Capability} = 444,650,331
\]

\[
\text{integration} = 444,650
\]

4. Financial data search results in 2014 Luwu regency can be known fiscal ability as follows:

Formulation

\[
\text{Fiscal Capacity} = \frac{(\text{PAD} + \text{DBH} + \text{LP} + \text{DAU}) - \text{BP}}{\text{TOTAL POPULATION}}
\]

\[
= \frac{359,825,080,028,952}{347,793}
\]

\[
\text{Fiscal Capacity} = 1,034,595
\]

C. Discussion

Table development of fiscal capability of Luwu regency.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>356,733.9</td>
</tr>
<tr>
<td>2012</td>
<td>768,356.52</td>
</tr>
<tr>
<td>2013</td>
<td>1,034,595</td>
</tr>
<tr>
<td>2014</td>
<td>444,650</td>
</tr>
</tbody>
</table>

Based on the above-mentioned data can be described that in 2011 amounted to 356,733.9, Year 2012 amounted to 768,356.52, Year 2013 of 444,560 and Year 2014 amount 1,034,595 This indicates that the Fiscal ability of Luwu regency is still very low if paying attention to the standard or indicator above.

5 CONCLUSION

Based on the results of research and discussion above, the authors can draw the following conclusions:

1. In 2011 the value of calculation result of fiscal capacity of 356,733, it shows that the fiscal ability of the district of luwu then the average monthly income of the community is only Rp.29,727, 82 The results of this study illustrate that the fiscal capacity of Luwu regency is still relatively low.

2. In the year 2012 obtained fiscal capacity calculation result value of 768,356.52 it shows that the fiscal ability of the district of Luwuthen the average monthly income people only Rp. 64,029,71. The results of this study illustrate that the fiscal capacity of Luwu Regency is still relatively low.

3. In the year 2013 obtained value calculation of fiscal capacity of 1,034,595 it shows that the fiscal ability of the district of Luwuthen the average monthly income people only Rp. 86,216. The results of this study illustrate that the fiscal capacity of Luwu Regency is still relatively low.

REFERENCES


