

Special Autonomy Policy on Regional Revenue and Expenditure Budget Sources in West Papua Province in The Framework of Supporting The Defense Economy

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Abstract

The implementation of regional autonomy in Indonesia creates a relationship between the central government and regional governments. The State of Indonesia recognizes the policies of government units that are special in nature with the Special Autonomy policy, based on the Law on Special Autonomy for Papua. Special Autonomy in West Papua Province is one of the efforts to minimize inequality and increasing the prosperity and welfare of the community, within the framework of equality and balance with progress with other provinces. The Economic Development Sector has a role that is greatly affected as a whole, for this condition an effective and efficient solution must be sought in the management policy of APBD resources obtained from PAD, DBH, and DAU. The purpose of this study includes the implementation of the West Papua Province Special Autonomy APBD policy which must be managed properly and correctly in order to support the defense economy so that it does not become a more serious threat to national defense. The method used in this research is qualitative research design using literature study. Research data were taken from journals, books, previous research, scientific articles, literature and news from the official website and the research subject was the Special Autonomy of West Papua Province. The results of the study are that the Special Autonomy Policy for the Province of West Papua shows a strong correlation from the governance policies of APBD sources obtained from PAD, DBH, and DAU for accelerating economic development, increasing welfare and progress of the people of West Papua Province, within the framework of equality and balance with progress with other Provinces in order to support the defense economy.

Keywords: Defense Economy, Special Autonomy, Regional Autonomy, APBD, Growth Economy.

Introduction

Regional government in our state administration system has gone through a long journey by experiencing a process of ups and downs, this can be seen in Article 18 of the 1945 Constitution which expressly states that the Indonesian region and has the right to manage its own household which is called autonomy. managing and administering government affairs. Government affairs that can be regulated and managed freely and independently will make lower government household affairs with autonomy. Being the basis for the administration of the Indonesian Government is currently contained in the 1945 Constitution, Article 18 which is the source of the administration of autonomy. To get a shared dream in order to encourage the realization of the ideal that is aspired to, namely autonomy. According to Bagir Manan, the notion of autonomy is the freedom and independence (*vrijheid* and *zelfstandigheid*) of lower government units to regulate and manage government affairs.

The founders of the nation who became pioneers have taken steps in order to unite the Unitary State of the Republic of Indonesia since a long time regarding the establishment of Regional Government, then this was the forerunner to the birth of Article 18 of the 1945 Constitution which reads: "The division of Indonesia's regions into large and small regions in the form of an arrangement government is determined by law on a

deliberative basis in the system of state government and rights of origin in special areas.

In relation to autonomy, we need to look at the purpose of that autonomy first. The definition of autonomy can be seen in a narrow and broad sense, in a broad sense the notion of autonomy includes assistance tasks, while in a narrow sense it does not include assistance tasks. The implementation of regional autonomy creates a relationship between the central government and regional governments (Pemda), including financial relationships, public services, utilization of natural resources (SDA) and other resources between the central government and regional governments, as well as between regional governments. In its implementation, the Central Government and regional governments have a relationship to the implementation of regional autonomy, such as the handover, delegation and assignment of government affairs to the regions which are also followed by regulation, distribution and fair use of national resources, including them.

In addition to the sources of Regional Government revenue in the form of the Regional Revenue and Expenditure Budget (APBD) which are obtained from Regional Original Revenue (PAD) which are sourced from revenues obtained from regional taxes, regional levies, results of regionally owned companies, separated regional wealth management, and other legal original regional income. Local governments make various investments to increase PAD. Regional governments also have other sources of income, including Revenue Sharing Funds (DBH), General Allocation Funds (DAU) and Special Allocation Funds (DAK). Funds obtained are given by the central government to regional governments to finance the needs of local governments in reforming regional structures and improving regional services for the community. The fund is one of the components of revenue in the Regional Revenue and Expenditure Budget (APBD) report.

From the implementation of regional autonomy carried out by the Regional Government in 38 provinces in Indonesia. There are several areas that have specialties and privileges. As regulated to accommodate special regions and special regions in Indonesia in Article 18B paragraph (1) of the 1945 Constitution it states that: "The state recognizes and respects regional government units that are special or special in nature which are regulated by law".

Regional Governments that are special in nature, one of which is the Province of West Papua, . The origin of the region which is special and special in nature stems from the rights of origin and history which are then recognized and determined by law as part of the Unitary State of the Republic of Indonesia. With its specificity and privileges, regions are treated differently from other autonomous regions which are only administrative in nature, but regions are still regions and not countries that have their own constitution (Erdianto, Rika Lestari, 2008:55)

West Papua Province, as one of the provinces regulated by law as a special province. It stipulates the management of the implementation, including the injection of funds obtained from the central government to the regional governments. In its implementation, the local government should invest to increase PAD apart from DBH, DAU and DAK as additional funds in the APBD.

The State of Indonesia recognizes the policies of government units that are special in nature or are called Special Autonomy, which are regulated by the Regional Government Law as well as special policies and provisions regulated in the framework of increasing the welfare of the people of West Papua through the Law on Special Autonomy for Papua, the aim is to development of the province of West Papua with other regions can be minimized while increasing the prosperity and welfare of the people.

The granting of this special autonomy is intended to realize justice, uphold the rule of law, respect for human rights, accelerate economic development, increase the welfare and progress of the people of West Papua Province, within the framework of equality and balance with progress with other Provinces. The Economic Development Sector has a role that is greatly affected as a whole, for this condition an effective

and efficient solution must be sought in the management policy of APBD resources obtained from PAD, DBH, and DAU.

The threats described above are non-military threats. Non-military threats can have ideological, political, economic, socio-cultural, technological and information dimensions, as well as public safety (Ministry of Defense of the Republic of Indonesia, 2015).

Defense and the economy are two reciprocal influencing variables. Without defense, there will be threats or disturbances so that the economy cannot run properly. Conversely, defense can only be increased if national income also increases (Kennedy, 2018).

Special autonomy aims to increase the capital expenditure of the Papua Province government so that it has implications for better public services, but in reality this has not actually run optimally as expected. The increase in PAD also affects regional economic growth, therefore local governments should concentrate more on empowering regional economic power (Priyo, 2006).

This issue certainly needs to be studied further considering that in its implementation what is expected by the central government based on the law must be in line with the regulations made by the Regional Government, in this case the Province of West Papua.

Based on the background above, the researcher further raises the title of this study in order to find out in depth about the economic problems in the Special Autonomy Policy for Regional Revenue and Expenditure Budget Sources obtained from PAD, DBH, and DAU in West Papua Province in order to support, analyze from the perspective of a sustainable Defense Economics perspective.

Theoretical Basis

Local Own Revenue (PAD)

According to Law Number 28 of 2009, it states that Regional Original Income (PAD) is revenue obtained from regional taxes, regional levies, results of regionally owned companies, management of separated regional assets, and other legitimate regional original income. In implementing it, local governments make various investments to increase local revenue (PAD).

Profit Sharing Fund (DBH)

The second source of regional revenue is the Revenue Sharing Fund (DBH). In Law Number 33 of 2004 Profit Sharing Funds are funds originating from APBN revenues allocated to regions based on percentage figures to meet regional needs in the context of implementing decentralization. Profit Sharing Funds consist of profit sharing funds originating from taxes and natural resources.

DBH comes from taxes, namely land and building tax (PBB), Land and Building Rights Acquisition Fees (BPHTB), and Domestic Personal Tax and PPh Article 21. Meanwhile, revenue-sharing funds originating from natural resources come from forestry, general mining, fishery, petroleum mining.

General Allocation Fund (DAU)

The third source of regional revenue is the General Allocation Fund (DAU), in Law Number 33 of 2004, the General Allocation Fund (DAU) is a fund originating from the APBN with the aim of its allocation in the context of equal distribution of financial capacity among regions to fund regional needs in the framework of implementation of decentralization.

The General Allocation Fund is block grants similar to the Revenue Sharing Fund (DBH).

Research methods

The writing method in this study uses a descriptive qualitative method. Qualitative research is research that is related and closely related to an interpretation adapted to the phenomena or events that occur and tends to use analysis in conducting research (Siyoto & Sodik, 2015). Descriptive research can be interpreted as a situation that describes (description) an event that refers to and focuses on the problems that occur during the research (Noor, 2012).

The object used is the impact of the regional budget special autonomy policy in West Papua Province in order to support the defense economy. Data collection techniques are carried out by selecting the use of literature studies or literature review. Literature study is part of a data collection technique that emphasizes tracing historical data or records of a phenomenon that has occurred and can be in the form of writings, illustrations (pictures), articles, and the composition of work related to the problem under study. for further processing and analysis (Sugiono, 2012). Data collection in this study can be presented by searching literature such as interviews, scientific journals, essays or articles, news, regulations, and policies regarding the impact of the special autonomy policy on APBD sources in West Papua Province in order to support the defense economy.

Results and Discussion

Special Autonomy Policy

In the implementation of Regional Autonomy, its implementation since 1999 has certainly given the authority to the freedom of the Regional Government to take care of its own household affairs. Including West Paua Province, it has been given its own special freedoms and privileges, but in practice not all regions are able to carry out these good goals, West Papua Province is not yet one of the advanced provinces in Indonesia. The practice of implementing Special Autonomy has not fully proceeded properly. The good intentions of the central government which are based on the fact that special autonomy is present in the context of endeavors to settle justice, respect human rights, resolve conflicts, distribute education, equalize the economy, as well as the welfare and progress of the people of Papua Province have not gone as they should.

Another problem arises, the people of West Papua think that special autonomy is a creation of the central government in order to stop their resistance to the Indonesian government. With the presence of the Special Autonomy Law, it is clear that it has provided greater space for the people of West Papua province to develop more advancedly. But it can turn into a disaster when it's not executed as it should.

Indirectly, slowly but surely, there are several policies that force the Province of West Papua to often be limited, reduced, and even withdrawn from its position back to the center with the appendage of changing rules and regulations that are binding on the central government. So according to research put forward by Pathership, it states that the level of dissatisfaction with the Special Autonomy policy tends to be very high, people are starting to distrust the policy. With this special autonomy, the people no longer believe in the policies taken by the government in this special autonomy.

Maximizing Potential Sources of APBD Funding

The role of the central government towards the regional government of West Paua Province as part of a special area, especially in its implementation. The West Papua Provincial Government regarding APBD

funding sources The West Papua Government, should make maximum efforts to increase PAD apart from DBH, DAU and DAK as additional funds in the APBD to fund regional needs, especially in the context of implementing decentralization, especially in West Papua Province. If we look at the data in the Figure below, it is as follows:



(Source: Ministry of Home Affairs)

Figure 1: Regional Original Income (PAD) throughout Indonesia (in billions of rupiah)

It has been seen, the average PAD of West Papua Province is the third lowest ranking of all 34 Provinces in Indonesia. This becomes a problem regarding how the role and implementation of PAD which is supported by DBH, DAU and DAK as additional funds in the APBD in order to make West Papua Province better. If we look at these conditions, the province of West Papua is in the 3 smallest provinces. The PAD APBD is very sad, especially since this condition has been supported by funds from the center as an additional injection of funds in the further progress of West Papua Province.

Transfer Expenditures to Regional Governments with Special Autonomy

In the President’s speech in the introduction to the 2016 Financial Notes and Draft State Budget (RAPBN), the government for the first time allocated more transfer expenditure to the regions compared to spending by Ministries/Agencies (K/L). This is based on the consideration that the increasing amount of authority that has been handed over to the regions in the era of fiscal decentralization and regional autonomy. Fiscal decentralization itself is the authority to allocate spending according to the full discretion of each region. Enormous effort 2 is put in, however way it may be, just to make modest progress towards achieving the goals that have been set. With uneven performance, there is debate about the desirability of fiscal decentralization and how to overcome it (Paul Smoke, 2001). Fiscal decentralization is an issue and a major concern for developing countries in the 1990s. Even the emergence of fiscal decentralization in Indonesia is very close to political issues and concerns over national disintegration (Khusaini, 2006). For developing countries, fiscal decentralization is believed to be a solution to all kinds of economic and political problems they face, but fiscal decentralization also has potential problems, which cause new problems that become additional burdens that have persisted for years.

According to Law no. 33 of 2004, decentralization is the transfer of governmental authority by the Government to autonomous regions to regulate and manage government affairs in the system of the Unitary State of the Republic of Indonesia. In this law, regional revenues in the implementation of decentralization consist of Regional Original Revenues, Balancing Funds which consist of Sharing Funds Proceeds, General Allocation Funds, and Special Allocation Funds, and regional receipts from other income.

Implementation of APBD sourced from PAD in the Special Autonomous Region

The government may grant special or special regional status to provinces deemed to meet the criteria for special or special regions. One of them is included in the Special Government condition is the Province of West Papua. Law Number 25 of 2005 concerning Financial Balance between the Central Government and

Regional Governments, consists of the General Allocation Fund (DAU), the Special Allocation Fund (DAK) and the Revenue Sharing Fund (DBH). The balancing fund aims to reduce financial imbalances between regions (horizontal imbalance) which only comes from PAD.

West Papua Province in managing regional finances in the context of decentralization as referred to in Article 66 paragraph (1) of the Fiscal Balance Law in its implementation found complex structural obstacles caused by various elements, including lack of personnel resources, weak commitment, weak coordination, ineffective supervision, and a lack of public involvement. As for the obstacles in the planning stage of the financial budget, the Directorate of Regional Budget Planning assessed that the APBD preparation process was not in accordance with the development plan documents that had been prepared. Strengthening the development planning stage by Bappeda and budgeting by BPKAD was carried out using old ways with information systems, but in practice the systems were different and not yet integrated. So that planning and budgeting documents do not check and balance each other and there is often a discrepancy between plans made and budget allocations. The various implementation issues raised by these stakeholders can lead to inefficiency and ineffective use of the budget which results in not achieving fairness, decency and benefits for the community as referred to in Article 66 paragraph (1) of the Financial Balance Law.

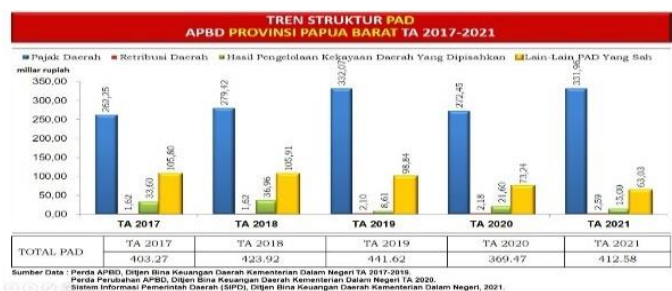
The solution offered by the current government through the Ministry of Home Affairs has been trying to innovate. Several advances in this technological phenomenon are evidenced by the presence of the Regional Government Information System (SIPD) as a product and innovation of the Ministry of Home Affairs in order to answer the challenges towards e-governance in the era of the industrial revolution 4.0 in the transformation of the government bureaucracy into one data one system in SIPD. As one of the steps and solutions to complete the implementation of PAD, DBH and DAU in West Papua Province. In order to minimize the manipulation of financial planning and budgeting figures at the central government and regional governments.

The mandate in Law Number 23 of 2014 that Regional Governments are required to provide Regional Government information (Regional development information and Regional financial information) and can provide and manage other Regional Government information aimed at managing regional information can run professionally. Presidential Regulation Number 39 of 2019 concerning Indonesia's One Data which is supported by regulations regarding the implementation of the Electronic-Based Government System (SPBE). Subsequent derivative regulations are policy rules issued by the Ministry of Home Affairs, such as PP Number 12 of 2019 concerning Regional Financial Management, and the last one is Permendagri 70 of 2019 concerning SIPD.

Seeing the innovations that have occurred, it should greatly facilitate the local government which is given special autonomy rights and authority, as evidenced by completing the implementation of PAD, DBH, and DAU in West Papua Province properly and in accordance with what the central government expects for equitable distribution of development and regional progress.

The good intentions of the central government which are based on the fact that special autonomy is present in the context of endeavors to settle justice, respect human rights, resolve conflicts, distribute education, equalize the economy, as well as the welfare and progress of the people of Papua Province have not gone as they should. It is not precisely that the people of West Papua think that special autonomy is a creation of the central government in order to stop their resistance against the Indonesian government. This is very detrimental to the good intentions that were built for the sake of equitable development.

Furthermore, based on the withdrawal of data taken from the Regional Government Information System (SIPD), that:



(Source: Ministry of Home Affairs)

Figure 2: West Papua Provincial Original Revenue (PAD) 2017-2021 (in billion rupiah)

Figure 2. Shows the Regional Original Income (PAD) figures in West Papua Province in 2017-2021, experiencing ups and downs, especially in 2020 to 2021. The results of separated Regional Wealth Management and Other legitimate PAD have decreased, it could be due to poor governance or as a result of the Covid-19 outbreak.

Furthermore, the author will show data on Regional Original Income (PAD) as seen from all Regencies/Cities in West Papua Province specifically only in 2021, as follows:



(Source: Ministry of Home Affairs)

Figure 3: Local Own Revenue (PAD) for all Regencies/Cities in West Papua Province

Figure 3 has shown the city of Sorong, Raja Ampat Islands Regency and Monokwari Regency as the main buffer for West Papua Province in terms of Regional Original Income (PAD) and Ratio to Pension

income, and in contrast to the condition of Kabupaten Maybrat which is in the position of caretaker with the lowest regional original revenue (PAD) and ratio to income of 2.13 (in billions of rupiah).

The independence of the Special Autonomous Region to support the Defense Economy

The regional government of West Papua Province needs to increase regional independence in public sector services to create community comfort. Coupled with the policy of the central government in providing large spending allocations, improvements in public services should be obtained in order to increase the attractiveness of investors to open businesses in the regions.

Defense economics comes from two important words that have their own meaning, namely economy and defense. There are distinct conceptual differences between the economy and defence. The main difference lies in the character of the two concepts namely, the economy prioritizes “sovereignty lies in unlimited human needs”, while the nature of defense is “sovereignty is in the hands of the state”. This has a consequence: “If it is agreed to eliminate economic activity it means to negate human nature, and if it eliminates defense activities it means to deny the presence of the state”. Because of that, it is necessary to connect the two different characters so that they are closely related and complement each other (Makmur Keliat, 2010).

To see the comparison between the economy and defense, it is necessary to look at the concept of each of the two which aims to reach the point of social welfare. This welfare can have implications for strong economic growth, the impact on the community directly, the non-military defense system will strengthen along with the welfare of the community, in this case the special autonomy community in West Papua Province. This also embodies several programs to stimulate the growth of the special autonomous region, the impact is not only on the region but throughout Indonesia, this must be in line with the condition of the country if it is in a safe condition.

Thus the regional government of the West Province, if it is successful in allocating its regional expenditures to implement development plans, will have a definite impact on increasing economic growth in the province of West Papua. To realize the smooth running of government activities, local governments need to change the composition of their spending so that it runs effectively and efficiently. After we know the conditions of the Province's PAD, DBH, DAU, Physical DAK and Non-Physical DAK, the Province of West Papua must immediately carry out solutive and sustainable steps in order to improve the condition of the APBD obtained by the Province of West Papua so that it increases the APBD stage and is on par with other Provinces in Indonesia, by way of openness of the people's mindset, which has implications for collaborative innovation by provincial, district/city regional governments in West Papua Province with steps to increase regional independence in public sector services to create community comfort.

To make this happen, coupled with the central government's policy of providing large spending allocations, improvements in public services should be obtained in order to increase the attractiveness of investors to open businesses in the regions. SIPD helps facilitate Bureaucratic Transformation in electronic-based good governance, sustainable e-government.

Conclusion Recommendations and Limitations

In order to help realize the progress of the Special Autonomous Region, in this case, one of them is the Province of West Papua in order to support the defense economy to avoid mismanagement of the APBD resources obtained, several problems have occurred that

Financial Balance Fund between the Central Government and Regional Governments, consisting of General Allocation Funds (DAU), Special Allocation Funds (DAK) and Revenue Sharing Funds (DBH). The balancing fund aims to reduce financial imbalances between regions (horizontal imbalance) which only comes from PAD. This source of funding, the Provincial Government of West Papua Province, in its implementation, has not run optimally as other provincial governments throughout Indonesia should, with regulations that include West Papua Province having given privileges in authority, funding for development, both the General Allocation Fund (DAU), the Special Allocation Fund (DAK) and Revenue Sharing Fund (DBH) and PAD to support the APBD, as well as special attention from the Central Government to West Papua. As a result of being egocentric, and a mindset that has not been said to be good for the progress of the province of West Papua, practical steps so that it can run well if it is supported by all relevant stakeholders, starting from the human resources you have must really improve both skills, pattern of thought and point of view through training and further education. Furthermore, the need for development planning and financial planning which should have been able to run properly with the pattern of bureaucratic transformation through the Regional Government Information System Application (SIPD) can be carried out properly according to central policy and should be able to run well with this new policy of course all regions carry out the same thing in both learning from zero SIPD application, of course the starting point can be compared, it remains only how the West Papua Provincial Government can move forward, and develop according to the conditions of the times.

For further research, it can deepen by studying specifically about better APBD governance with sustainable Digital Transformation, especially in developing policies in special autonomous regions in order to support the defense economy.

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