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**Analysis Of The Padang City APBD For The 2018 Fiscal Year:  
Involution Of Siding To The Public**

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**Abstract**

Within the framework of national development, the budgeting system is an inseparable part of the national development planning system. Planning and budgeting are part of management development that is designed to realize the ideals of national development. Public finance is one of the most critical dimensions to assess the government's partiality to general needs. Many studies have addressed the essential roles of the government budget in trust in government. However, there has been no research that has critically examined the state's alignment with the community through regional budgets. Therefore, this study contributes to the body of knowledge by analyzing local government finance and identifies the weakness of the expenditure. We chose the financial conditions of the city government of Padang in 2018 as the research object. The research was conducted employing qualitative and secondary sources. This study found that the budget is not entirely in favor of the public. Many expenditures have been spent on the program, which does not directly affect society. In sum, Padang city budget has not fully benefited the people of Padang city and sided with them. Our analysis contributes to the study of public finance by strengthening pro-society finance. This study also contributes to the local government in designing and implementing public finance.

**Keywords:** *Public Finance, Local Government, Expenditure, Partiality, APBD*

**Introduction**

The budget is one of the important policies, because through the budget a portrait of the state's alignment with its people can be seen. From the priorities of the budget allocation policies set, it will be seen whether the government is pro-people or not. As a political product, the budget must accommodate and mediate various needs and interests of the community. For this reason, the public budget is seen as an arena for the struggle for public resources among various interests. The public budget is an arena for representing public interests in the form of allocation of expenditure items to finance public needs.

In the regional autonomy system, the regional budget which is also known as the Regional Revenue and Expenditure Budget (APBD) is a description of the condition or financial balance of the regional government (provincial/district/city). APBD is a regional annual financial plan in the form of regional regulations (Anggarini & Puranto, 2010). The APBD is prepared periodically every year by the local government. The APBD contains details of the allocation of government revenues and expenditures in the form of nominal figures that can be calculated. Before implementing the APBD, it must be ratified together

with the DPRD together with the regional head (governor/mayor/regent) to then be legalized into a regional regulation.

The policy for formulating APBD is the domain of the executive and legislative branches in the regions. However, in the drafting process, local governments must involve the participation of the community. This is as mandated by Law no. 23 of 2014 concerning Regional Government. UU No. 23 of 2014 Article 1 paragraph 12 states that:

*“Autonomous regions, hereinafter referred to as regions, are legal community units that have territorial boundaries that are authorized to regulate and manage government affairs and the interests of the local community according to their own initiatives based on the aspirations of the people in the system of the Unitary State of the Republic of Indonesia.”*

This regulation was strengthened by (juncto) Permendagri No. 38 of 2018 concerning Guidelines for the Preparation of the Regional Budget for the 2018 Fiscal Year which stipulates that one of the principles of the preparation of the APBD must pay attention to community participation. Community participation in Permendagri No. 38 of 2018 is interpreted as decision-making in the process of drafting and determining the APBD that must involve the participation of the community, so that the community knows their rights and obligations in implementing the APBD (Samnuzulsari & Yudiatmaja, 2016).

Mardiasmo (2021) explains that the budget is a statement regarding the estimated performance to be achieved during a certain period of time expressed in financial measures. While budgeting is the method chosen and carried out in preparing and compiling a budget. The budgeting process of public sector organizations begins when strategy formulation and strategic planning have been completed.

The public sector budget is an important part of public policy because it contains several important meanings; First, the budget is a government tool to direct socio-economic development, ensure sustainability and improve people's quality of life. Second, the budget is needed to meet the unlimited and growing needs and wants of the community, while the government has limited resources to meet the needs of the community. The budget is needed because the government has various limitations, such as limited resources (scarcity of source) and choices (choise) and trade offs. Third, the budget is needed as an instrument to convince the public that the government is responsible for its people. In this case, the public sector budget is a form of government accountability for the financial resources it has used.

Based on such an understanding, the regional financial management is carried out by the regional government through the Regional Revenue and Expenditure Budget (APBD). According to Halim, what is meant by APBD is the financial operational plan of the Regional Government, where one party describes the estimated maximum expenditure to finance regional activities and projects in a certain fiscal year, and on the other hand describes the estimated revenues and sources regional revenues to cover these expenditures (Halim & Kusufi, 2012).

In practice, there are many problems in budget formulation in the regions. The reality of the planning process that is not integrated with budgeting has been realized by internal government and non-government circles. One reason is that the planning process has so far been under the coordination of Bappenas, while budgeting has been under the coordination of the Ministry of Finance. This condition raises a number of problems in development

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planning. Another cause is the lack of synergy in development planning between the central government and local governments, both from the content of development planning (RPJD to RPJMN, or RKPD to RKP) as well as from the planning and budgeting stages. This becomes even more complicated because the authority to synergize between the center and the regions is under the coordination of the Ministry of Home Affairs (Siburian, 2020), (2015).

Several previous studies have attempted to examine regional budgets in various contexts. For example, Sugiarto & Mutiarin (2017) studied the consistency of musrenbang results from the RKPD to the APBD to find out the success of planning the budgeting for the physical and infrastructure sector for the 2013-2015 fiscal year in Gunungkidul Regency, Yogyakarta Special Province and the factors that influence depression. They found that the consistency of regional development planning with the regional budget as spelled out in the RKPD, KUA, and Gunungkidul Regency APBD from 2013-2015 in the physical and infrastructure sectors at SKPD DPU, Dishubkominfo, and Kapedal for three years tended to increase. Factors that affect consistency are understanding between SKPD, TAPD; there is a central policy; RAPBD evaluation results by the Governor; and the embodiment of the DPRD's main ideas into the SKPD's program of activities.

Sanjaya (2020) examines regional budgeting policies during the COVID-19 pandemic in the Regional Government of Banten Province. Sanjaya (2020) found that the policy for managing the regional budget during the COVID-19 pandemic for the Regional Government of Banten Province was that the Regional Government of Banten Province had carried out budget management in accordance with the directives and policies regulated by the central government through the mechanism of refocusing and reallocating the regional revenue budget, regional spending, and regional financing appropriately.

Wimmy & Dwiranda (2020) analyze policies on grants and social assistance that have to deal with models of management, power, moral-leadership, to the culture and behavior of local elites and bureaucrats who tend to be corrupt. Wimmy & Dwiranda (2020) reveal that from a political, administrative and public policy perspective, corruption in the management and implementation of grants and social assistance is agreed to be a fairly serious challenge faced by the Indonesian government, especially our local government. Corruption in grants and social assistance is a threat to the existence of local governments, which should assist the central government in carrying out regional development.

Based on the previous studies, limited studies have critical analyzed the regional APBD in Indonesia, especially APBD favor on public needs. This paper wants to see the structure of the Padang City APBD and conduct an analytical study of the Padang City APBD. The estuary of the analysis is to find out whether the Padang City APBD is healthy? or more sharply, this paper wants to see, whether through the budget policy instruments it has planned, the Padang City Government has sided with the community? Relied on the research questions, this study aims at examining Padang City APBD and explaining whether the APBD is pro to the public.

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## Methods

This study was conducted using the literature study method. Data on the 2018 Padang City APBD were obtained from secondary sources, such as the Directorate General of Fiscal Balance (DJPB) of the Ministry of Finance and the Central Statistics Agency (BPS) of Padang City and academic journal. The raw data obtained are processed and displayed in percentage form. Analysis of regional finances is carried out by reviewing the posture of the regional budget. Each item of income and expenditure in the Padang City APBD post in 2018 is analyzed with the theories and concepts contained in regional finance. To enrich the analysis, data obtained from other online sources are also used for further analysis and contextualization with the conditions and problems that occur in the city of Padang. This aims to get a more comprehensive picture of the Padang City APBD. Data were analyzed using explanatory analysis techniques. Explanation is a research method used to solve problems that were not previously well researched, demanding priorities, generating operational definitions and providing better research models. This is actually a type of research design that focuses on explaining aspects of our study in detail (Maxwell, 2012).

## Results and Discussions

The enactment of regional autonomy has had a great influence on the implementation of regional government, namely the entry of a new era, namely the era of regional autonomy. With this regional autonomy, there has been a change in the pattern of government, in the past, the government was centralized, power was centralized to a fairly large central influence, it had turned into a decentralized one where most of the authority had been handed over to the regions, regions could be free to create and innovate according to the needs and desires of the community. in the area (Yudiatmaja et al., 2017). Regional autonomy also affects regional financial management. This is closely related to the concept of autonomy and decentralization which essentially gives power, authority and discretion to local governments in regulating and determining the use of funds to carry out their regional affairs.

There are many positive effects from the implementation of regional autonomy, but besides the many positive effects of regional autonomy, it can be seen that there are also weaknesses, especially with the strengthening of the position of the regional legislature (DPRD). Executives in the regions will eventually be more preoccupied with fulfilling the wishes of the legislature (DPRD). The DPRD is considered too intervening in the administrative affairs of implementation in the executive, the Regional Head LPJ raises some complicated political problems, because the DPRD is often looking for loopholes to bring down the Regional Head, especially if the members of the council have opposite political views with the regional head. Not only that, in this era of regional autonomy, with the opening of the faucet of democratization, the people are getting bolder to express their aspirations, including the frequent demonstrations of people who reject the APBD that has been approved by the council.

This section will examine the evolving theory of decentralization. Has decentralization and budgeting processes in the regions benefited the public in general? This section will answer the most fundamental question, namely whether regional autonomy has a positive effect on the community in the region, seen from the case of the Padang City APBD in 2018.

**Table 1**  
**The Budget of Padang City in 2018 Fiscal Year**

Description	Amount	Percentages
Total Income	1.015.480.813.961	
Regional Income	215.299.753.724	21.2
Balance Fund	759.991.804.687	74.8
Other Income	42.215.698.891	4.2
Total Expenditure	782.814.918.660	
Indirect Expense	475.492.244.639	60.7
Employee Spending	427.012.765.814	54.5
Grant	45.949.045.000	5.9
Sosial Aid	242.500.000	0.03
Profit Sharing	-	-
Financial Aid	81.875.250	
Unexpected Spending	9.713.472	
Direct Expense	307.322.674.021	39.3
Employee Spending	7.390.561.942	
Goods and Services Expenditures	227.887.712.386	29.1
Modal Expenditures	72.044.399.693	9.2
Regional Expense	160.008.604.206	
Budget Surplus	151.190.837.220	
Expenditures	11.584.049.769	
Surplus	232.665.895.301	

Source: Processed from realization data for semester 1 of 2018 (as of August 2018) Padang City Regional Budget from the Director General of Fiscal Balance of the Ministry of Finance

The table above is data from the Regional Revenue and Expenditure Budget (APBD) for the City of Padang in 2018. From the table, we can see that the total revenue of Padang City is Rp. Thus, the city of Padang experienced a surplus of Rp. 232,665,895,301. The Padang City APBD in 2018 can be said to be not completely healthy because of several reasons. First, the most important source of income is from the balancing fund (central to regional as well as balancing funds from the province) in the amount of Rp. 759,991,804,687 (74.8%). This means that in general the development and government financing in the city of Padang is still supported by the disbursement of funds from the center. This happens because

the Regional Original Income (PAD) and other sources of income are very minimal, namely PAD of Rp. 215,299,753,724 (21.2%) and other income of Rp. 42,215,698,891 (4.2%).

Second, the Padang City Budget has a surplus of Rp. 232,665,895,301 because the total expenditure, which is Rp. 782,814,918,660 is smaller than the total income earned, which is Rp. 1,015,480,813,961. Third, in terms of spending, Padang City's spending is less targeted because indirect spending is bigger than direct spending. Direct shopping is only IDR 324,023,000,000.00 or 27.1% of the total spending. Meanwhile, indirect expenditure is Rp. 475,492,244,639 or 60.7%. From the indirect expenditure, it can be seen that 54.5% was used to pay employee salaries. In other words, direct spending is spent more on paying employee salaries. The rest was only used for grants (5.9%), social assistance (0.03%), financial assistance and unexpected expenditures. Finally, the Padang City Government has not taken development seriously because the funds allocated for goods and services expenditures as well as capital expenditures are still small. In fact, infrastructure and facilities and infrastructure for education, economy, tourism, roads, bridges and others require very large maintenance and development costs. even though education is one of the development priorities of the city of Padang, as illustrated in Figure 1.

**Figure 1**  
**Leading Sector of Padang City**



Source: [www.Padang.go.id](http://www.Padang.go.id) (Accessed by October 11 2018)

From the explanation above, it can be understood that the 2018 Padang City APBD is not healthy for several reasons. First, still relying on assistance from the center. The high financial dependence of local governments on the central government can have bad implications for efficiency and accountability for the provision of public services in the regions (Khusaini, 2006). High dependence on the central government can have a negative impact on development and the provision of public services in the regions because the level of instability in the disbursement of funds from the center is very high. Second, the Padang City APBD does not provide benefits and does not have any impact on the community because the regional budget is mostly used for unproductive activities such as personnel expenditure. Supposedly, spending should be prioritized for the provision of public goods and services by budgeting them in capital expenditures.

As mandated by Permendagri No. 38 of 2018 concerning Regional Financial Management. The regulation outlines that capital expenditures are used for expenditures made in the context of purchasing/procuring or building tangible fixed assets that have a useful value of more than 12 (twelve) months to be used in government activities, such as in the form of land, equipment and machinery, buildings and buildings. , roads, irrigation and networks, and other fixed assets (article 53). In addition, it should be noted that in many respects public spending is highly dependent on the commitment of local policy makers themselves (Kumorotomo, 2010). Therefore, the elites in power in the Padang City Government must be committed to allocating funds for programs and activities that more closely touch the needs of the community. There are several alternative policies taken by the Padang City Government so that the Padang City APBD is more realistic.

Boosting PAD by revitalizing the management of regional taxes and levies. The Padang City Government does not have to add new objects of taxes and levies or increase them. However, the policy that can be taken is to streamline the management of regional taxes and levies. This is done to anticipate leakage in the management of regional taxes and levies and to optimize the results of the management.

The Padang City Government must make government expenditures efficient, especially in personnel expenditure expenditure posts. The Padang City Government should make employee efficiency by recruiting employees as needed (Yudiatmaja, 2012). Therefore, the Padang City Government needs to carry out a job analysis and needs analysis carefully before recruiting employees. As illustrated in Table 2, the number of civil servants of the Padang City Government has reached 9,727 people. This number is actually not comparable to the population of Padang City, which amounts to 927,168 people (BPS City of Padang, 2018). Not equal because the ratio between civil servants and residents is 1:95. However, what needs to be increased is the number of front-line bureaucratic personnel (street level bureaucracy) who are in direct contact with the community, for example, school teachers, technical personnel, extension workers and so on.

**Table 2**  
**The Development of the Number of civil Servants of the Padang City Government By Education Level (2017)**

No.	Education	Gender		Number
		Man	Woman	
1.	Elementary School	113	3	116
2.	Junior High School	98	5	103
3.	Senior High School	1.047	1.166	2.213
4.	Diploma I and II	116	1263	1.379
5.	Diploma III	156	1.049	1205
6.	Undergrad/Grad	1.416	3.295	4.711
Total		2.946	6.781	9.727

Source : BPS of Padang City, 2018

Implementing indirect spending efficiency on social assistance expenditure posts by stopping subsidies to finance PSP Padang (Persatuan Football Padang) which competes in the PSSI Main Division because these subsidies are very budget draining. The author does not

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get valid data regarding the amount of the budget for PSP Padang. However, based on information from the Padang Express Padang City Government, at the end of 2017 the remaining budget for PSP Padang was still Rp500 million (Padang Ekspres, 26/8/2018). In other words, the subsidy for PSP Padang is more than IDR 500 million. This subsidy must be removed because football is neither a mandatory nor an optional matter, so it should not be budgeted for in the APBD. Moreover, Permendagri No. 38 of 2018 also stipulates that regional expenditure funding must be in accordance with the priority needs and financial capabilities of the region.

Increase physical and non-physical development in accordance with the priorities and needs of the local community so that the budget will be more beneficial by allocating larger funds for capital expenditures and expenditures for goods and services. In accordance with the potential of Padang City, namely trade and services; industrial and marine; and tourism, the Padang City Government should focus on boosting development in these three sectors in order to increase regional competitiveness. The keyword of regional potential-based competitiveness lies in the ability to be superior to a region based on its resources (Sumihardjo, 2007). In order to increase development in the trade and services sector; industrial and marine; tourism, the Padang City Government can invite private investment to be involved in the infrastructure development process with mutually beneficial cooperation. Development financing by the private sector can be done through banking financial institutions, non-bank financial institutions and the capital market (Jamli, 2005). Correspondingly, the education, health, religion, culture sectors; transportation and communication; security and order also need to be improved by budgeting sufficient funds for these sectors.

The findings of this study have theoretical and practical implications. Theoretically, the results of this study are different from previous studies. Syamsurijal (2019) analyzed the formulation of Indonesian national budget (RAPBN). He found the existence of a time delay in the realization of the discussion schedule for the Draft Bill on the 2018 APBN has affected the existing cycle. Ermawati & Aswar (2020) assessed the independence of local government budget in Indonesia. They revealed that local tax, tax revenue sharing revenue, has a significant relationship on the regional finance independence in Indonesia's local governments. While, allocational fund and capital expenditure does not have a relationship on the regional finance independence in Indonesia's local governments. Triwibowo (2020) examined the relationship between management of public finance and corruption in Indonesia. Using data panel, he suggested that the existence of a long-run relationship between the quality of public financial management and corruption and can verify the significant causal relationship between them. In the long run, sound public financial management could significantly encourage clean government. Fauzan et al. (2020) studied financial inclusion and poverty in Indonesian local government. They noted that the average financial inclusion index of each province in Indonesia is still in a low category, and there is a financial system development inequality between DKI Jakarta Province and other regions. They also found that poverty has a significant negative effect on the financial inclusion index.



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## Conclusion

The freedom of local governments to regulate and manage their own government affairs is manifested in the form of a regional government work plan and is described in the form of regional revenues, expenditures and financing which are managed in the regional financial management system, in this case what is known as the Regional Revenue and Expenditure Budget (APBD). Related to the above, it turns out that the freedom given to local governments to regulate and manage their own government affairs in the implementation of autonomy has not brought significant changes in providing welfare and services to the community. In the case of the Padang City APBD in 2018 it can be concluded that the budget is not fully in favor of the public. Therefore, to change the orientation of budget policies to a more pro-public budget, there are several recommendations for the design of the APBD formulation process that can be applied by the government and the DPRD of Padang City.

The formulation of the RAPBD must be in accordance with the regional vision and mission, because the regional budget is a technical design or blueprint for implementing strategies to achieve the regional vision and mission. Regional budgets must be adjusted to the Regional Development Program (Propeda), which is a medium-term, five-year strategic document. This Propeda document is further elaborated in the regional strategic plan (Renstra), which contains the medium-term development strategy and priorities along with the annual targets. The Repetada contains measurable performance indicators for a period of one year. Repetada and annual budget (APBD) is a public policy instrument planning as an effort to improve services to the community (Yudiatmaja, 2016). The APBD shows the budget implications of the Repetada that have been made. These three documents are used as the main basis for implementing performance-based budgeting considering that they contain the vision, mission, goals, strategies, programs and activities along with all macro and micro indicators.

2. Create a mechanism to accommodate the aspirations of the community. Budgeting should start at the RT and RW levels. The whole community without exception plays a role in the preparation of the budget. Furthermore, in stages, the proposal is forwarded to the Village/Kelurahan, District and City Regency levels. Besides that, an organizational unit must also be created in charge of accommodating and following up on the aspirations/proposals of the community. There are several instruments that can be used to facilitate the process of screening community aspirations, namely: a. Active screening, namely by closed questionnaire method, observation method and interactive dialogue. b. Passive screening, namely by suggestion box, post box, toll-free telephone, web site/internet. c. Reactive screening is through hearings in DPRD and sudden inspections (sidak)

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