

# ANALYSIS OF THE LOCAL GOVERNMENT AND LEGISLATURE RELATIONSHIP IN REGIONAL FINANCIAL POLICY MAKING IN WAJO REGENCY

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## ABSTRACT

This research purpose to describe and analyze relationship between the Local government and Regional Representative Council in making of local legislation of the alleviation of poverty. The research result showed that the relationship is seems a diametric relationship. The relation can be seen from people aspiration, public policy delivery budgets priorities and basis of temporary budget by the local government to the parliament to be discussed and agreed. The local government submitted draft regulation on the budget together with a set of explanation to support the documents to Regional Representative Council to be discussed and became as an approved act.

**Keywords:** Local Government, Poverty, Regulation, Relationship, Representative Council.

## INTRODUCTION

The Republic of Indonesia as a unitary state that implement decentralization principle in the implementation of administration system thru extending opportunity and authority to to implement regional autonomy for the local government. It absed on the article 18 of the Indonesian constitution (*undang-undang dasar 1945*) where divided Indonesian administrative region into province, city, and districts. All of those have relued by local government togetehr with the regional legislature. The constitution is fundamental element to implement regional autonomy where provide extensive authority, obvious and responsible to the local government. It then implement thru the constitution derivation by a regulation of the local government.

Recently, the act Number 23 Years 2014 as the previous act, the Act Number 32 Years 2004 subtitution about Local Government is the rulling regulation. It regulate implementation of the local government system as decentralization principle implementation. The grounded matters in the recent Act is to encourage empowering people, make initiative and creativity grow, increasing the society role, and evolving the role of Local Government and function of the Regional Representative Council

The explicitness of both institutions function gives benefit to the democratization process in the implementation of government in the region. The explicitness function is also become possibility for "check and balances" to attain good government and good governance, such as the participative government, justice, transparency, and accountability.

Within the Local Government system, relation of both institutions is equal in the policy making process, both institutions is partner in in the process. It means part of its implementation function together is make Local Regulation include a regulation making of Local Budget. It means relationship of both government institutions is a supporting mechanism system mean not as rival in the policy making process.

According to the Government Regulation Republic of Indonesia Number 58 Years 2005, local Budget should be planned orderly, obedient to the laws and regulations, efficiency, economical, effective, transparent, and responsible to pay attention to justice principle, properly, and benefit for people. But objectively, there is tendency within people where the that regulation-making process of The Local Budget does not belief using principles of good government order. It is more made as interest base of the regulation making actors – agency of Local Government and Regional Representative Council Members including individual interest, group, and parties.

As result it caused society interest that guaranteed in the laws and regulations ignored especially related to alleviated poverty efforts in that region. Besides that, the local budget estimated does not have synchronize with the regency local budget. Based on that picture, the focus of this article view is how the relationship between the local government and Regional Representative Council in a regulation making of Local Budget and the dynamics around the process. Whether both institutions aware to the Good Governance principle in regulation making process of the poverty thru the local budget policy.

The purpose of this research are to describe and analysis the relationship of local government and Regional Representative Council within regulation making process in term to applied the principle of good governance. The Local Budget has been made and resulted by Regional Representative Council and Local Government could ward the poverty problem in Wajo regency.

### **Research Method**

Research method used is qualitative method thru the case study research. Data aggregation technique is interview, observation, and documenting mechanism. The respondent in this research was consists of the local government apparatus, Regional Representative Council members, society personage, and NGO. They were choose under purposive sampling mechanism. The data has been analyzed with descriptively.

### **Research Result and Discussion of Local Government and Regional Representative Council Relationship in Local Budget Making Process**

One of basic assumption thru autonomy regulation is reinforcement of people by local government institutional and the local government and Regional Representative Council. This reinforcement purposed is to open opportunity of public in regulation of the local area that had been become of local authority.

The research result showed that relationship of local government and Regional Representative Council as government institution in the regulation making of Local Budget can be seen in a few aspects. *First*, in absorption of society aspiration, the mechanism or medium that used in local regulation making of Local Budget was meetings with people include looking for the poverty problem. Besides direct meetings with people, government also looking for input thru Local meeting mechanism called *Musbangdes/Rakorbang* (Coordination meeting) and field observation in the process of arranging the regulation. The Regional Representative Council party as local legislative institution had ordered to absorb people aspiration as source in discussion of local regulation making of Local Budget, mechanism and medium that used to grab people aspiration thru direct meetings. *Second*, the discussion of local regulation program of the Local Budget by the local government of Wajo regency was followed by the Regent decision Number 1016 Years 2017 about formation of local government estimate team of Wajo regency. The team ordered to make local government order program; doing discussion and decision of local government order program, and arrange program of The General Policy of The Budget, and the program of The Priority of the Provisional Budget Ceiling. The local government extend program of General Policy of Budget and priority program of The Provisional Budget Ceiling to Regional Representative Council for discussing. The General Policy of Budget and Priority of The Provisional Budget Ceiling persistent refers to the general policy and local development program of The Draft Medium-Term Regional Development of Wajo regency in 2014 - 2019.

The Regional Representative Council of Wajo regency was discuss the Local Budget of 2014-2015 period that submitted by the local government. It has been accepted by Regional Representative Council's secretariat, and Regional Representative Council's secretariat extend the general policy program of budget and the priority of provisional budget ceiling to the Budget Agency that formed based on decision of Wajo regency Regional Representative Council Number: 11 years 2016. The Agency Budget is completeness medium of Regional Representative Council that has order to provide suggestion and opinion as principal mind's of Regional Representative Council to the local government in The Local Budget. At least five months before established, the process was did discussion with budget local government team to the draft of The General Policy of The Budget and the Priority of The Provisional Budget Ceiling extended by the local government. Third, decision of local regulation program of Local Budget. The local regulation draft that initiative came from local government that suggested by the local government budget team of Wajo regency to Regional Representative Council. Before it legitimated as local regulation of Local Budget in 2017 by the local government and the Regional Representative Council in the plenary assembly, the local government party or the Regional Representative Council extend the principal minds, those are: (a) the regional budget confine equal maximum with the budget of last year, (b) the regional budget has been prioritized to fund budget that bonding and budget must assure the acquirement directness of society basic service of Wajo regency.

Relation of local government and Regional Representative Council in regulation making of Local Budget is the institutional relation. The practice happened during relation between local government and Wajo regency Regional Representative Council inclined opposite diametrically. As the element of the local government, the local regulation are made together by with Regional Representative Council, it means that initiative of regulation making of Wajo regency Local Budget are from the Local Government means not from the Regional Representative Council.

## **Local Regulation Making Process of Local Budget and Application of Good Governance Principle**

General principles and The Local Budget in the government regulation Number 58 years 2005 about management of local finances, consider that local finances have been planned orderly, effectively, transparency and responsible with observe the principle of justice, properly, and will benefit for society. The planning of local finances is held by one system that integrated and creates in The Local Budget.

The Local Budget is one unit that consists of: the local income, local budget, and local defrayal. The arranging of Wajo regency Local Budget by the local government apparatus and The Regional Representative Council guided by Work Plan of Local Government. The Work Plan of Local Government is the analyze of South Sulawesi The Draft of Medium-Term Regional Development 2014 - 2019 in period of time one year that make local economy draft, development priority and local obligation, the measurable work draft and its fund, such as held by province local government directly although the way in which encourage society participation. The Work Plan of Local Government of Wajo regency in order to assure its relevance and consistency between planning, budgeting, implementation, and monitoring.

Based on the result research showed that in arranging of The Work Plan of Local Government of Wajo regency years 2017, the principles also arranging mechanism has been seeking to be directed by local government apparatus that gather with Local Budget Government Team consist of: (1) optimize engaging the society participation in absurd society aspiration, by the seminar open discussion, workshop, or forum discussion, (2) oriented to the problem solving and sensitive to the society condition development, (3) oriented to the performance development, (4) oriented to five regulation to Wajo regency development, such as: (a) increase human resources quality, apparatus, (b) increase the medium infrastructure quantity and quality and also economic growth, (c) increase Natural Resources quality in the education sector, (d) strengthen Natural Resources in health sector, (e) utilization of natural resources ongoing.

The arranging of work in plan of local government as many as 32 unit of The Local Government Unit and 234 work programs that guided by The Draft Medium-Term Regional Development of Wajo regency comprehensively. It based on the government concerned of the obligation duty and alternative duty which needs budget that could be allocated in The Local Budget years 2017-2018. The arranging of every The Local Government Unit as work plan of local government constant to pay attention of the arranging principle of The Local Budget. Based on facts that showed the arranging budget in every local government unit refers to the regulation of The Minister of Internal Affairs Number 32 years 2014 about orientation the arranging of local budget and cost years 2017 that consist of: (1) appropriate with the government executor needs based on The Local Government Unit authority, (2) transparency of The Local Government Unit budget to facilitate the society to know and can access more information about the budget of every The Local Government Unit and its application, (3) engaging the society participation in order to get inputs from the society from various forums to arranging The Local Government Unit. This condition describes arranging of Local Budget that has been done by the local government apparatus of Wajo regency has not applied Good Governance principle completely include the budget spending efficiency and effectively and accountability of the budget spending.

Based on the facts that obtained by interview result with the actors of local government apparatus and Regional Representative Council members. The arranging of The Local Budget years of 2017 for the budgeting annual 2018 whereas the local government constant to pay attention to The Minister of Internal Affairs Number 32 years 2014. The arranging principle of The Local Budget refers to: (1) the needs of local province government executor based on the government's duty and authority from government to the local province government, (2) following phases and time schedule of The Local Budget arranging years 2017 as same as like in the laws and regulation, (3) the openness information of The Local Government Unit budget by web to make easier the society to access information about The Local Budget, (4) encourage the participation level of society, (5) pay attention of justice principle and properly in the budget spending, (6) to seek of The Local Budget arranging that not be in contradiction with public interest and the high level of regulation.

The Arranging and Decision of The Local Budget. The local province government of Wajo regency extend the public policy of The Local Budget collaterally with the work plan of local province government of Wajo regency. As base of Draft of The Local Budget arrangement Regional Representative Council to discuss in the first talk of The policy draft. Based on the policy has been agreed with Regional Representative Council, the local government with Regional Representative Council discuss priority and Provisional Budget Ceiling to make into the reference for every The Local Government Unit. In discussion of general Policy General on Local Budget Revenue and Expenditure and priority of The Provisional Budget Ceiling both of actors, the local government apparatus and Regional Representative Council members must aware to people participation thru their input on the policy. Then Head of Local Government Unit arranging working plan and budget of The Local Government Unit based on the achievement. Work plan and budget followed with expenditure estimate for the next year. The working plan and Budget of the Local Government Unit extend to Regional Representative Council to discuss in the first talk of The Local Budget draft. The result of the discussion between The Regional Representative Council and the local government is communicated to the officials of the regional finance manager as matters to arranging local regulation draft of The Local Budget. The next process is the local government of Wajo regency proposes the local regulation's draft about The Local Government follow with the explain from documents to The Regional Representative Council to discuss and agreed. The Local Budget that has been agreed by The Regional Representative Council has details until unit organization, function, program, activity, and expenditure kind of The Local Government Unit.

The Local Budget of Wajo regency that made and agreed together between the local government and The Regional Representative Council showed a condition about arranging and a decision of The Local Budget by the actors, such as the government apparatus party although The Regional Representative Council's members. On the other hand, it showed application of a few good governance principle, and the other was less accurate in the calculate and budget allocation that caused The Local Budget's deficit in 2017. From the efficiency level and effectiveness less get attention from the actors. In the other words, efficiency and effectiveness principle in the good governance has not applicated yet by the local government apparatus and The Regional Representative Council's members who involved in the arranging, discussing, determining of The Local Budget.

### **Contribution of The Local Budget and The Alleviation of Poverty**

The Local Budget of Wajo regency is one of the unit that consists by: local income, local expenditure, and local cost. The Local Income includes all of the accepted money from The Regional Treasury account that increase equity fast cost, that from the local right in one year of the budget that does not need to be paid back by the regional. The local income consist of: The Original Local Income, fund balance, and the legal of local income others; the fund balance consist of: fund output divided, the general allocation fund and the special allocation fund; and the legal local income others that include all of the local income except The Original Local Income and fund balance include grant, emergency fund, and other income that has been applied by the government.

The local expenditure consists of all the expenditure from The Account of The Regional Treasury that diminished equity fast cost that becomes the local duty in one year's budget that never gets back the payment by the region. The local expenditure uses in the implementation of government business that becomes the local province government authority, the regency in South Sulawesi province that consist of the duty business and the selection business that decided with laws and regulation certainty. The expenditure of the duty business executor must be the priority to protect and increase the quality life of society in order to fulfill the local duty created in the upgrading of local services, education, health, social facilities, and public facilities that proper and also evolving social guarantee system. The duty business besides increases the quality of the society, in the other hand priority to alleviate poverty. The Poverty is a complex problem that influenced by related factors, they are income level, health, education, the access to goods and services, geographic location and area condition.

From research result, it showed that Wajo regency regulation of local expenditure that describes in the Local Government has made efforts with the rule of financing system that proportional, efficient, and effective based on principle: (1) pro-growth, (2) pro-poverty alleviated, (3) pro predatory of employment to through unemployment level, (4) pro-human development, (5) pro area conservation. These are doing with the budget-based work phenomenological, The Framework of Budgeting Medium-Term and the unified budget. In the relevance with poverty problem in Wajo regency, the total presentation of poor inhabitant In relation of the poverty condition in Wajo Regency in 2013 was 31.900 people (8.17%), in 2014 as many as 30.340 people (7.74%). In 2015 the trend there were 80.080 people (7.66%). In 2016 as many as 29.460 people (7.47%), and in 2017-2018 the number of poor people increased again as 49.024 people (9.15%)

In the period of 2012 – 2016, the local expenditure regulation in The Local Budget of Wajo regency had been allocated to the public expenditure that touch directly the small society include of the society who be in the poor line. The direct expenditure is an obligation of the local government and the expenditure allocation policy has not been directed to (1) upgrading of services to people with effectively and efficiently by the raising of motivation, discipline, work ethos and local government apparatus mobility, (2) encouraging society organization in the urged the government's duties, (3) facilitating the regency government in the acquirement and increase of the local finance capability, (4) handling of poverty problem.

Wajo regency allocated of regional expenditure that consist of indirect expenditure consists of employee expenditure 45,18% as compare to social effort expenditure for tackling poverty 0,33%, social effort expenditure tho the society group 21,9%. This condition describes local

expenditure such as direct expenditure or indirect expenditure that in being Local Budget to faced poverty seems still small relatively. It means of the contribution of The Local Budget has not significant could through poverty problem in Wajo regency. But on the other hand, there are many local government's efforts in South Sulawesi to overcome poverty problem include of empowering the village society which known as "Pro Poor Supporting Program". It is the autonomous village development based on society. Pro Poor Supporting Program is program of Wajo regency local government in the tackling poverty. The organization structure of the program begins from province level until to village level from the government (local government/ The sub-district Government Unit, the regency government, subdistrict, village claim ability to play the role as development catalyst to encourage social transformation to give contribution to tackling poverty in Wajo regency.

The Program where it fund comes from The Local Budget that submitted to The Local Government Unit of province and regency as like as training economy activity of society and development of superiority commodity in every village in region thru Pro Poor Supporting Program in training to the village society that are in the 14 sub-districts around the regency.

The paradigm displacement of the government implementation from centralization system to decentralization system. It could be seen thru the recent regulation, the Laws Number 23 Years 2014, It explained that the local government is the executor of government's duty by the local government and Regional Representative Council according autonomy principle and co-administration with the broadest autonomy principle on the principles system of the unity republic state.

## **CONCLUSION**

The Laws Number 32 Years 2004 that was revised become The Laws Number 23 Years 2014 about the local government mentioned that important of local government executor of policy is the local government and Regional Representative Council. Both of the institutions are the elements of the local government executor. Relation of the local government and Regional Representative Council of Wajo regency in the local regulation making of The Local Budget years 2017, in practice happened that relation both of government institute disposed be faced with diametrical appropriate with position, assignment, and authority. The local government and Regional Representative Council together discuss and agree the local regulation's draft. The local regulation's draft initiative came from the local government, and the draft of the local regulation together with Regional Representative Council discuss and approve the local regulation's draft become the local regulation Number 12 years 2016 about local regulations of The Local Budget.

The Local Budget of Wajo regency year 2017 is a unit that consist of local income, local expenditure, and local defrayal. The Local Budget could be seen from principles and Local Budget structure, orientation, arranging, and decision. The Local Budget structure, planning of the local finance is doing with orderly, economical and obedient to The Laws and local government apparatus and Regional Representative Council member that involve in the arranging and discussing of the Local Budget be guided by regulation of the Minister of Internal Affairs Number 37 Years 2012 about the orientation of The Local Budget arranging and pay

attention a few principles of good governance those are society participation, transparency and accountability.

The Local Budget of Wajo regency 2017 that established with The Local Regulations Number 12 Years 2016 about local regulation consist of local income, local expenditure, and local defrayal. The local government and Regional Representative Council in arranging, discussing and establish of The Local Budget less sensitive in the alleviation of poverty in means pro-active to hands poor society. This is can be seen from the budget posture especially local expenditure that small relatively and less significant in alleviate of poverty. On the other hand there are the government efforts to tackling poverty problem with the budget that came from The Local Budget that definite relatively in every The Local Government Unit that is “Pro Poor Supporting Program” that based on the village society.

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