

I.

Discussion materials Coalition Budget To Prosperity

Secretariat FITRA28 October 2015

Political Dynamics Draft State Budget 2016

: Mutual Interests hostages

Until today (28/10), the discussion on the Draft of the State Budget 2016 is not yet final. It is already passed from the approved the initial schedule on 22/10, it seems there will be even two days ahead more (30/10) for the final of the 2016 Draft Budget to be approved yet it is feared to meet a stalemate. There is allegedly political interest efforts to hostage the 2016 draft budget discussions.

In general, the posture of the budget draft budget of 2016 has been approved by the Government and the Parliament of Budget Agency (15/10). That is :

1.

The state's revenues dropped from Rp 1841.1 trillion to Rp 1822.5 trillion. This occurred due to the cutbacks in the tax revenue target from Rp 1.565,8 triliun to only Rp 1546.7 triliun. There is also non-tax revenues (non-tax) that were cut from Rp 280 trillion to Rp 273.8 trillion.

2.

The government spending cut expenditure budget of Rp 25.6 trillion from the previous Rp 2121.3 trillions, was reduced to 2095.7 trillions. Meanwhile, the spending of the central of Government reduced to Rp 13.5 trillion from Rp 1.339,1triliun to Rp pp 1325.6 trillion. In details, the budget of ministries and institutions (K / L) increased from Rp 780.4 trillion to Rp 784.1 trillion, and budget for non K / L has decreased from Rp 558.7 trillion to Rp 541.4 trillion.

3.

The budget deficit is fixed to rise to 2.15 percent or equivalent to Rp 273.2 trillion from the previous 2.14 percent. The decrease in revenue target of this gain and spending has then impact the economic growth target to be lower than the original 5.5% to 5.3 percent.

Meanwhile some sectoral issues thought to be a potential conflict, which are:

1.

PMN BUMN 97 T (APBNP 2015-RAPBN 2016) Triliun dalam 8 bulan untuk apa ?

Banggar-Pemerintah telah menyetujui penambahan PMN BUMN sebesar Rp. 34,3Triliun dari usulan pemerintah Rp. 33 Triliun.

SOE PMN 97 T (2015 Revised-State Budget-Draft State Budget 2016) Trillion in 8 months

Is for wat ?

The Budget Agency-Government has approved the addition of PMN SOE Rp. 34,3 Trillion from the government's proposal of Rp. 33 Trillion.

In fact, the revenue share of profits of SOEs in 2016 has been targeted to achieve Rp 31 trillion, lower than the Rp 5 trillion or 15.7 percent if it is compared to the target in the revised budget estimates realization in 2015 and 2015 as much as Rp. 36 trillion .. Every year, the revenue target of SOE has been down, such as the 2015 budget target of Rp. 44 Trillion has yet not achieved the target.

2.

The Regional Transfer has increased, Villages' Fund has also increased and DAK is hijacked by the terms of the Parliemen.

In the 2016 draft budget, a significant increase occurred in the transfers to regions and villages from the revised-state budget 2015 of Rp. 664 trillion has increased to Rp. 117 trillion in 2016 state-budget draft to Rp. 782 Trillion. Out of this allocation, the transfer funds to the regions is Rp. 91 Trillion and the village funds has rose up to Rp. 26 trillion to Rp. 47 trillions.

For the transfer to the region, the Parliament asked to fill the requirements of the disbursement of DAK must be done by the Parliament.

In addition, in the article of the 12 DPR it is also added with clause that may be able to manage the budget, although it was rejected by the Government, it has been strongly struggled by the Parliament so that they can be the executor of the budget. The Parliament also proposed the rise of the budget from Rp. 740 M to be not excluded in the state budget memorandum allegedly for the construction of the capitol.

In fact, the Parliament and the Government should focus on the discussion of budget pro-people, namely:

1.

The Health Spending Has Indeed Been Declining.

The expenditure on the 2016 draft budget is targeted in Rp. 2121.3 trillion, up to Rp.137 trillion, compared to the 2015 revised budget of Rp. 1984.1 trillion. The increasing sector has mostly occurred on the spending by the State institutions, meanwhile the spending of the ministries have actually declined. For example, health spending within the health budget allocation in the draft budget of 2016 is planned for Rp18.685,3 billions, showed a decrease of 22.8 percent when it is compared to the revised budget allocations in 2015 that is Rp24.208,5 billion. This allocation is claimed to have fulfilled the mandate of the mandate of the law No. 9 Health in 2009 which stipulates that the allocation of the budget is 5 percent of the state spending. Yet, in the reality, the health budget has not yet in accordance with the constitutional mandate.

2. The deficit is always increasing, which also results the increasiong of the withdrawal of the debt. The deficit of 2016 draft state budget has been estimated in around Rp. 273 trillions, up to Rp. 55 Triliun compared to the 2015 revised budget of merely only Rp. 222 trillion. To cover

the deficit, the Government is targeting a debt of RP. 183.4 trillion, an increasing to Rp. 28 trillion from Rp 155 trillion in the 2015 revised budget. The increase in the debt consist of domestic debt for Rp. 176 trillion and foreign debt for Rp. 16 Trillion.

3.

The Spending for Subsidy To People has been continuously declining, yet the target subsidies Has not yet been in accordance with the needs of the people.

The Budget Management Program subsidies in the 2016 draft budget is planned to achieve Rp201.363,6 billion. However this figure has decreased Rp10.740,8 billion as compared to the ceiling Subsidy Management Program in 2015 APBNP/revised budget of Rp212.104,4 billions. Most of the budget has been planned to be allocated for the energy subsidies for Rp120.957,2 billion, i.e fuel subsidy, LPG 3 kg, and LGV for Rp70.957,2 billion, and electricity subsidies for Rp50.000,0 billion. Meanwhile, for non-energy subsidies is Rp80.406,4 billions, consisting of: (1) subs in food for Rp20.993,4 billion; (2) urea subsidies of Rp30.063,2 billions; (3) the seed subsidy is Rp1.023,8 billion; (4) The PSO subsidy is Rp3.752,5 billion; (5) interest rate subsidy is 16474.5 billion; (6) tax subsidy by the government (DTP) for Rp 8.099,1 billion.

4.

The Infrastructure expenditure continues to increase, but the infrastructure for The People's Affairs (public housing) is Decreasing.

The Infrastructure State Budget 2016 budget has increased by 2015 revised state budget for 313 trillion from Rp. 290 Trillion. Thus, it has increased to Rp. 23 Trillion Rupiah. However, from the allocation for the public housing budget is but decreasing. The budget that is allocated on the providing of housing and public facilities has reached for Rp 23 trillion, which is lower by 9.7 percent compared to 2015 allocation which is Rp. 290 Trillion. Thus, it has increased to Rp. 23 Trillion Rupiah. However, from the allocation for the public housing budget is but decreasing. The budget that is allocated for the providing of housing and public facilities has reached Rp 23 trillion, which is also lower by 9.7 percent compared to the budget of providing the housing and public facilities in the 2015 revised budget that was Rp 25 trillions

5.

The maritime expenditure has decreased and has not yet focused on strengthening the infrastructure, as it has not yet focused on strengthening the fishing communities and maritime.

In the 2016 draft budget maritime group has been planned to get allocation of budget for Rp 80.748,9 billion in the draft budget of 2016. The amount is lower by Rp12.414,2 billion or 13.3 per cent when compared with the revised budget in 2015 by Rp93.163,2 billion. Thus, especially for the Ministry of Maritime and Fishing the allocation budget has increased Rp. 5 trillion from the 2015 revised budget for 10 Trillions to Rp. 15 Trillion in the 2016 State Budget 2016. And, it has been approved by the Parliament to Rp. 11 Trillion.

1.

Before the draft is approved, the government and parliament should focus on budget politic to favor on the people, rather than to the unity of certain groups. The forms and budget allocations for health, village funds and increasing the welfare of people must be improved.

2.

The Parliament and the government should immediately ratify the 2016 state budget in order not to let the transaction that will be more corruptive.

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