

**Press Release of National Secretariat of FITRA. Tuesday, May 12, 2015**

### **The Alert Signal of the Management of Budget in the Cabinet of Jokowi-JK**

To this day, the low absorption of budget have been eventually a recurrent disorder that occurs in every fiscal year. In fact, various systems have been designed to accelerate the absorption of the State Budget in the Ministry or Institution. The realization of absorption of the State Revenue Budget Amendment (APBN-P 2015) is still low, as during January-March 2015 it was only reached 18.5 percent.

Note:

- The Minister of Economic Coordination, Sofyan Djalil said that the biggest 18.5 percent budget absorption was for personnel expenditures and local transfer shopping.
- The Ministry of Finance noted that until the beginning of this year the budget absorption of infrastructure has just reached 0.02 percent of the total allocation. The infrastructure budget by 27 April has absorbed only Rp 7 trillion, whereas the budget itself has reached Rp 290 trillion.
- The transportation Minister Ignatius Jonan said that the absorption of the Changed State Budget (APBN) in 2015 in the Ministry of Transportation, has only reached 10% of the total budget of Rp. 65triliun.
- Minister of Public Basuki explained that the slow absorption of budget per 20 April 2015 was 2.41 percent. 2015 Budget allocation for Kemenpupera was Rp. 84.91 trillion and the 2015 revised budget has an addition of 40 percent of the budgete or Rp33,63 trillion. However, the new budget has only spet 2.41 percent from 11.7 percent of the planned 11.7 per 20 April 2015, while the effective time of seven to eight months.
- The deficit budget is expected to increase over 2 percent of the initial target of 1.9 percent of the state budget of 2015.
- Investment Funds (PMN) Rp. 70 Trillion by the SOE Ministry has yet to have an impact on the performance of SOEs, it has became like the festive food enjoyed by the SOE and the elites.
- The Policy Package for Rupiah Weakening has even more opportunities by the foreign domination. That is the first policy of tax incentives which will be given to the export-oriented entrepreneurs and those who do reinvestating. The next is to increase the use of biofuels in diesel from 10 to 15 percent. In addition to save fuel consumption, the increased biofuel using is also for the purpose of the environment. The third is the application of anti-dumping duty and a temporary safeguard. Sofyan said that the policy would be easier to be applied because the Ministry of Finance will make a special account outside the state treasury to accommodate the temporary anti-dumping duty. So if the allegation of dumping is not proven, the money will be returned within 10 days. Lastly, the exemption of visa on four new countries, which are Japan, South Korea, China, and Russia. Therefore, the total of visa-free countries today are 19. This visa-free regulation, he said, is applied as tourist is the quickest factor to bring in the foreign exchange.
- Bank Indonesia (BI) noted, the position of foreign debt (ULN) Indonesia at the end of April 2015 has reached USD298,9 billion, or about Rp3.836 trillion (exchange Rp12.834 / USD). This amount grows by 9.4% of year on year (yoy).

### The Realization of the Revenue

- Directorate General of Taxation, Ministry of Finance (MoF DGT) has reported up to 30 April 2015, the amount of taxes collected as much as Rp 310.1 trillion. The number has just touched 23.95 per cent compared to the target of tax revenue in the State Budget Amendment (APBN-P) in 2015 as much as Rp 1294.25 trillion.
- When it is compared with the same period of last year, the tax revenue for the four months was lower 1.29 percent. The reason is that until April 2014, the DGT during that time has managed to collect tax revenue to Rp 314.13 trillion.

### The Problem of the Low Absorption:

- It was influenced by the change in the nomenclature and the checklist implementation of the budget (DIPA) has just been prepared and effective in May 2015.
- The Work Plan Ministry has not yet been based on the performance nor encourage the Nawacita purposes.
- The lack of coordination between the Ministry in the uptaking and performing the budget allocation.
- Internally, some key positions in several ministries such as DG are unoccupied. Thus, it would disturb the absorption of the budget and the government performance.

### The Way Out

Within the framework of the performance-based budgeting, budget absorption is actually not a target of budget allocation. Performance Based Budget is more focused on performance than the absorption itself. However, in the condition of our contemporary economy the dominant aspect of the variable factor of driving the growth is consumption, thus the government spending which is also government consumption has contributed to the growth determinants.

The failure of the budget absorption target will indeed result in the loss of the benefits of shopping. The reason is that the funds that had been allocated was not everything can be utilized which means there has been *idle money*. Yet, if there is an efficient budget allocation, then the limited financial resources that are owned by the state can be optimized to fund strategic activities. In the basic concepts of the economics, the basic problems that are faced by humans is the lack of financial resources as a means of fulfilling the needs that has to be faced with the needs for an unlimited number. This basic problem is also faced by some countries, including Indonesia. The sources of state revenues are limited, are faced with the needs of people who are limitless, requiring the Government to prioritize the activities and budget allocations that are effective and efficient. Therefore, when the absorption of the budget failed to meet the target, there is an inefficiency and ineffectiveness of the budget allocation. However, within the framework of the performance-based budgeting or the Performance Based Budget, the target of budget absorption is not an indicator of performance (performance indicators).

### Recommendation :

1. The entire Ministry need to be based on the performance-based budget allocation, so that they will not only focused on a budget absorption alone. If the orientation is on the

performance, then automatically the budget absorption will increase and the budget will be let for the improvement performance program. Thus it will be not just randomly increasing the absorption.

5. Melihat hal ini, dan merespon dari desakan publik Presiden perlu mempertimbangkan mengganti tim Keuangan dan ekonomi ( Menkeu, Menteri BUMN dan Menko Ekonomi ) yang lebih mampu mengelola anggaran kinerja dengan baik.

2. However, if there is a good performance, the absorption will follow it and ultimately the economic performance may improve in accordance with the government spending which can be able to move forward the economy.

3. In terms of execution, the president needs to evaluate the performance of the minister, especially in the management of the performance-based budgeting. This is because the deadline time is only for another seven months for the realization of APBN-P 2015.

4. In particular, the President needs to evaluate the performance of the Economic and Financial Team. In the first four months of it, it looks less solid coordination that some policies such as the handling of the packages on rupiah weakening has not yet been successful. The lack of solid performance of Economics and Finance Team have impacts on the budget and economic performance.

5. Seeing this, and to respond the public's insistence on the need to consider replacing the President Finance and economy team (Minister of Finance and Minister of the State Enterprises and Minister of Economics) to whom they will be capable to manage the budget better.

Thereby.  
Seknas FITRA  
081333111446