

Review of Potentials, Sources and Financial Benefits as a Means of Acceleration and Expansion of the Provincial Development of Southeast Sulawesi

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Abstract. *The objectives to be achieved in this research are: (1) to identify various local financial potentials in Southeast Sulawesi Province (2) to examine and analyze in detail the source and utilization of the regional finance. This is an alternative in the acceleration and expansion of development in Southeast Sulawesi Province. The expected benefit in this research, that is for the community can know and apply the local financial resources in the region for the realization of welfare for them. For the government, it can be useful as policy maker and decision maker on regional finance in order to accelerate and expand the development of Indonesia (especially in Southeast Sulawesi Province). While for scientists, can be useful as an application of economic theory in connection with the discovery of various potentials, sources and benefits of the regional finance. The method used in this research is a participatory approach and FGD (Focus Group Discussion) with communities that utilize the utilization and enjoy the finance of the area. From the aspect of government can be done through discussion and direct interview to related parties, especially Department of Revenue, Finance and Regional Asset (DPKAD) of each Regency and City within the scope of Southeast Sulawesi Province. While the analytical tool used is descriptive qualitative and quantitative. Descriptive qualitative includes a review / description of the condition of the community who take advantage of enjoying local finance and the Government (DPKAD) that manages local finances. While the quantitative study of the description of dependent and independent variables about the potential, sources and financial benefits of the area*

Keywords - *Regional finance, potential, sources, benefits, acceleration, expansion of development*

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I. INTRODUCTION

Standing and understanding of finance, it can be seen from two important aspects, namely the national (state finance) and regional (regional finance) aspects. In the national aspect, state finance is all the rights and obligations of the state which can be assessed with money, as well as everything in the form of money or in the form of goods that can be owned by the state related to the implementation of these rights and obligations. In the explanation of Law Number 17 Year 2003 regarding State Finance stated that the approach used in formulating State Finance is from the side of the object, subject, process, and purpose.

From the side of the object, the meaning of State Finance includes all rights and obligations of the state which can be assessed with money, including policies and activities in the fiscal, monetary and management of separated state assets, as well as everything in the form of money, or in the form of goods that can be made state property in connection with the exercise of such rights and obligations.

From the subject side, the meaning of State Finance covers all subjects who possess / possess the objects as mentioned above, namely: central government, regional government, state / regional companies, and other bodies that are related to state finances. From the side of the process, State Finance covers the whole set of activities related to the management of objects as mentioned above from policy formulation and decision-making to accountability.

In terms of objectives, State Finance covers all policies, activities and legal relationships relating to the ownership and / or control of such objects as mentioned above in the context of the administration of the state government.

Regionally, economic achievements in the Provinces of Indonesia including Southeast Sulawesi Province are manifested in the form of GRDP. In the PDRB sectors produced by each Province consists of various sectors of business field covering: (1) agriculture, livestock, forestry and fishery, (2) mining and quarrying, (3) processing industry, (4) electricity, gas and water, (5) Construction, (6) Trade, Hotel and

Restaurant, (7) Transportation and Communications, (8) Finance, Real Estate and Company services; and (9) Services (BPS SULTRA, 2014).

In the 9 (nine) sectoral products mentioned above, it appears that there are various leading sectors that can mean that the sector can meet the needs of the community and regionally regionally, even can be exported abroad which impact on the creation of high GDP / GRDP so it can speed up and expanding development both nationally and regionally.

Then on the regional aspect, the meaning of regional finance is all regional rights and obligations (regions) that can be assessed with money, as well as everything in the form of money or in the form of goods that can be owned by the region due to the implementation of these rights and obligations. In this study will be studied / analyzed how the regional financial situation in Southeast Sulawesi Province from the aspect of its potential, source and utilization. This is an alternative in the acceleration and expansion of development, both regionally (Southeast Sulawesi Province), national and international.

II. LITERATURE REVIEW

1. Financial Management Mechanism

State financial management can be grouped into:

- a. sub-sector of fiscal management,
- b. sub-areas of monetary management, and
- c. subdivision of separated state assets.

The management of state finances in the field of fiscal management includes policies and activities related to the management of the State Budget (APBN) starting from the determination of the direction and the General Policy (AKU), the determination of the strategy and priorities of APBN management, budgeting by the government, budget approval by DPR , budget execution, budget monitoring, compilation of State Budget (PAN) up to PAN legislation into Law.

The management of state finances in the field of monetary management is related to the policy and implementation of banking sector activities and monetary traffic both within and outside the country. The management of state finances in the separated fields of state property relates to the policy and implementation of activities in the sector of State-Owned Enterprises (BUMN / BUMD) whose orientation is profit-seeking (profit motive).

Based on the above description, the definition of state finances can be distinguished between: the definition of state finances in a broad sense, and the notion of state finances in a narrow sense. The definition of state finances in the broad sense of the approach is from the side of the object of a very wide scope, where the state finance includes policies and activities in the fiscal, monetary and management of state assets are separated. While the definition of state finances in the narrow sense only includes the management of state finances in the field of fiscal management only.

2. General Principles of State Financial Management

In order to support the realization of good governance in the administration of the state, the management of state finances needs to be held professionally, openly and responsibly in accordance with the basic rules established in the 1945 Constitution.

The Basic Rules of State Finance have been translated into general principles, which includes both long-known principles in the management of state finances, such as the annual principle, the principle of universality, the principle of unity, and the principle of specialism as well as new principles as reflecting the application of best practices in the management of state finances. The explanations of each of these principles are as follows.

- The Annual Principle, provides the requirement that State budgets be made on an annual basis which must be approved by the legislature (DPR).
- The principle of Universality (completeness), provides the limitation that there is no permissibility of mixing between state revenues and state expenditures.
- The Unity Principle, maintaining the full budgetary rights of the board, means that all expenditures should be included in the budget. Therefore, the budget is the gross budget, which is recorded in the budget is the bruton amount.
- The Principle of Relevance requires that the type of expenditure be contained within a particular / separate budget and held consistently both qualitatively and quantitatively. Quantitatively means the amount specified in a certain budget is the upper limit and should not be exceeded. Qualitatively means the use of budget is only justified for the eyes of the budget that has been determined.
- The principle of results-oriented Accountability implies that every budget user is required to answer and explain the organization's performance on the success or failure of a program for which it is responsible.

- Principle of Professionalism requires the management of state finances to be handled by professional personnel.
- The principle of proportionality; budget allocation is carried out proportionally to ministry / agency functions in accordance with the level of priorities and objectives to be achieved.
- The principle of Openness in the management of state finances, requires openness in the discussion, determination, and calculation of the budget and on the results of supervision by an independent audit institution.
- The Principle of Financial Examination by a free and independent auditing body gives greater authority to the Supreme Audit Board to conduct an independent and independent audit of state financial management. These general principles are also required to ensure the implementation of the principles of local governance. With the adoption of these general principles in the Law on State Finance, the implementation of this law in addition to being a reference in the reform of state financial management, is also intended to strengthen the foundation of the implementation of decentralization and regional autonomy in the Unitary State of the Republic of Indonesia

3. Scope of State Finance

The scope of state finance includes:

- a. The right of the state to levy taxes, issue and circulate money, and make loans;
- b. The obligation of the State to perform the public service task of the state government and to pay the third party's claim;
- c. State revenue;
- d. State expenditures;
- e. Regional revenue;
- f. Regional expenditure;
- g. The property of the state / property of the region which is managed by itself or by other parties in the form of money, securities, accounts receivable, goods and other rights which can be assessed by money, including property separated from state / regional companies;
- h. Assets of other parties controlled by the government in the context of the administration of governmental and / or public interest;
- i. Other party's assets obtained by using the facilities provided by the government; and
- j. The wealth of the other party as defined includes the wealth managed by another person or body based on government policy, foundations within the ministry of state / institution, or state / regional enterprise. The broad field of State Finance management can be briefly grouped into fiscal management sub-sectors, monetary management sub-sectors and separated sub-sector of state property management. The fiscal management sub-division includes six functions, consists of:
 - a. Function of macro and fiscal policy management. The functions of management of macroeconomic and fiscal policies include the preparation of the Financial Notes and the Draft State Budget, as well as their developments and changes, policy analysis, evaluation and macroeconomic developments, state revenues, expenditures, financing, policy analysis, evaluation and fiscal developments for international cooperation and regional, country revenue, grant, state expenditure and medium term financing, statistical, research and policy recommendations in fiscal, financial and economic fields.
 - b. Budgeting functions. This function includes the preparation, formulation, and implementation of policies, as well as the formulation of standards, norms, guidelines, criteria, procedures and the provision of technical guidance and evaluation in APBN field.
 - c. Function of tax administration.
 - d. Customs administration functions.
 - e. Treasury function.

The functions of the treasury include the formulation of policies, standards, systems and procedures in the field of state revenue and expenditure, procurement of goods and services of government agencies as well as central and local government accounting, state revenue and expenditure, state cash management and revenue and expenditure planning, domestic and overseas management, accounts receivable management, property / state property (BM / KN), accounting, financial reporting and government financial management information systems.

- f. Function of financial supervision.

Meanwhile, the monetary sector includes payment system, foreign exchange traffic system, and exchange rate system. The state of the separated state assets management covers the management of state / regional enterprises.

III. METHODOLOGY

Method of data analysis used in this research was descriptive qualitative and quantitative. Qualitative descriptive is a qualitative scientific / practical study of the potential, sources and benefits of regional finance in Southeast Sulawesi Province. While quantitative descriptive is a quantitative study based on statistical formulation on the potential, sources and benefits of regional finance in Southeast Sulawesi Province.

IV. RESULT AND DISCUSSION

1. Situation and Regional Finance Potential of Southeast Sulawesi Province

Within 5 (five) years, the financial situation of Southeast Sulawesi Province especially the increase of APBD of Southeast Sulawesi Province is followed by changes in income and expenditure. The changes are as follows:

Table1.Financial Situation Prov. Southeast Sulawesi within The Last Five Years (2010-2014)

No	Description	APBD 2010	APBD 2011	APBD 2012	APBD 2013	APBD 2014 (Rp billion)
1.	Regional Income	1.147.216.516.188	1.220.580.518.122	1.857.752.225.122	1.951.960.636.640	2.178,20
a.	Locally generated revenue	361.282.186.188	421.500.258.214	545.728.695.356	502.594.985.095	555,24
b.	Balancing Fund	726.362.390.000	799.080.259.908	1.009.154.179.766	1.443.561.859.545	1.549,73
c.	Other Legal Revenue	59.571.400.000	-	302.869.350.000	5.803.792.000	73,23
2.	Shopping Area	1.320.577.088.678	1.419.830.202.216	2.056.564.248.649	2.176.892.463.187	2.088,45
a.	Indirect Shopping	612.909.303.067				
b.	Live Shopping	707.667.785.612				

Source: Data processed, 2017

Based on the above table, it can be seen that the increase of regional income of Southeast Sulawesi Province experienced a significant increase as in the 2011 APBD from Rp.1.220.580.518.122 to Rp.1.857.752.225.122 in 2012, the regional revenue comes from the transfer of funds balancing that is dominated by DAU, DAK and Profit Sharing Funds, and Local Original Income which includes local taxes, user charges and profits. On the other hand, the phenomenon of low realization of PAD growth as in 2014 was only Rp.555.24 billion, grew by 8.56% (yoy), where the realization of PAD revenue only reached 97.38% of the original budget, the decrease of local retribution is 25.26% (yoy). The contraction in the mining sector also weakened the performance of the transportation sector and the trade sector. Thus, the source of government levies is also affected by the condition.

In addition, the regional expenditure sector also experienced a significant increase as in APBD 2011 from Rp.1.419.830.202.216 to Rp.2.056.564.248.649 in 2012, the condition is influenced by increased capital expenditure sector for development such as infrastructure or other public service improvement , especially the allocation of capital expenditure which has the biggest multiplier effect because it is a budget for the development and development of regional infrastructure, especially Block Grant program for every village in Southeast Sulawesi Province.

2. Realization of Revenue Budget

The realization of Southeast Sulawesi revenues to the budget in 2014 is higher when compared to the period of 2013. The revenue of the Provincial Government of Southeast Sulawesi in 2014 was able to reach 101.95% of the target in the APBD, higher than the achievement in 2013 which amounted to 100.8% (table 5). The increase in performance is mainly due to the Transfer Revenue component reaching 101.52% of target and other legitimate income components reaching 183.6% of the target. The revenue of Southeast Sulawesi Province from Central Government transfers increased significantly in 2014. During the reporting period, funds transfer to Southeast Sulawesi reached Rp. 1.54 trillion, an increase of 6.73% (yoy). The increase in transfer revenue in 2014 received by Southeast Sulawesi Province comes mainly from the General Allocation Fund (DAU) which reached Rp 1.05 trillion or equivalent to 67.99% of the total Transfer Fund to Southeast Sulawesi in 2014. For more details on realization of these revenues, then displayed the table as follows:

Table 2 Realization and Achievement of Revenue Targets of Southeast Sulawesi Government

DESCRIPTION	APBD 2012		APBD 2013		APBD 2014	
	Realization (Rp billion)	Absorb (%)	Realization (Rp billion)	Absorb %	Realization (Rp billion)	Absorb (%)
INCOME	1.811,98	97,54	1.969,13	100,88	2.178,20	101,95
LOCALLY-GENERATED REVENUE	439,18	80,48	511,43	101,76	555,24	97,38
Local Tax Revenue	336,93	118,10	408,11	108,63	413,20	88,39
Result of Local Levy	19,16	94,46	24,47	101,12	18,29	79,38
Separated Management Results	25,05	99,59	23,84	100,09	23,32	97,15
Other PAD						
TRANSFER INCOME	1.308,77	99,75	1.451,90	100,58	1.549,73	101,52
Central Government Transfers	1.019,75	101,05	1.160,90	101,71	1.236,02	101,96
Tax Sharing Funds	69,71	81,87	67,21	99,95	62,48	104,06
Non-Tax Revenue Share	45,49	238,32	59,38	149,30	61,15	153,76
General Allocation Fund	869,88	99,96	981,04	100,00	1.053,64	100,00
Special Allocation Fund	34,66	100,00	53,27	100,00	58,75	100,00
Other Central Government Transfers	289,02	95,43	291,00	96,28	-	-
Special Autonomy Fund	-	-	-	-	313,71	99,82
Adjustment Fund	289,02	95,43	291,00	96,28	313,71	99,82
MISCELLANEOUS REVENUES	64,03	-	5,80	100,00	73,23	183,60
Grant Income	63,66	-	5,80	100,00	39,89	100,00
Emergency Fund Revenue	-	-	-	-	-	-
Other Revenue	0,38	-	-	-	33,35	-

Source: Regional Finance and Asset Management Board of Southeast Sulawesi Province, 2017

In line with the increase in regional income of Southeast Sulawesi, the local revenue (PAD) also increased compared to the previous period. PAD in 2014 is recorded at Rp. 555.24 billion, grew by 8.56% (yoy). Nevertheless, the realization of PAD achievement only reached 97.38% of the original budget. This is due to a decrease in Local Retribution by 25.26% (yoy). The contraction in the mining sector also weakened the performance of the transportation sector and the trade sector. Thus, the source of government levies is also affected by the condition.

3. Actual Budget

Along with performance on the revenue side, the absorption of APBD expenditure of Southeast Sulawesi Province in 2014 is also higher than the realization of 2013 budget. Realization of Provincial Government of Southeast Sulawesi in 2014 reached 85.21% of target, higher than the performance in 2013 which only able to realize the budget of 83.28%. The improvement in the government's financial performance was mainly driven by increased absorption of operational expenditure and capital expenditure. Operating expenditures have been realized at 91.62% and nominally increased by 14.47% (yoy). For more details, then displayed the following table:

Table 3. Realization and Achievement of Government of Southeast Sulawesi Expenditure Target

DESCRIPTION	APBD 2012		APBD 2013		APBD 2014	
	Realization (Rp billion)	Absorb (%)	Realization (Rp billion)	Absorb (%)	Realization (Rp billion)	Absorb (%)
Shopping	1.714,90	87,84	1.812,82	83,28	2.088,45	85,21
Shopping Operations	1.406,35	92,20	1.163,34	87,72	1.331,74	91,62
Employee Expenditure	493,81	90,54	493,85	85,02	517,03	89,75
Shopping Goods	275,04	90,40	259,29	87,20	362,83	89,33
Flower Shopping	14,76	50,75	18,33	62,56	22,63	88,58
Grants Shopping	390,19	96,03	295,63	96,21	324,56	99,33
Shopping for Financial Aid	232,53	96,82	96,25	86,39	104,70	87,98
Capital Shopping	204,20	49,36	430,71	71,39	553,49	76,07

Ground Shopping	5,18	49,59	1,93	6,93	26,00	61,39
Shopping Equipment and Machines	21,25	89,68	39,48	81,38	38,40	77,64
Shopping Building and Building	69,03	89,17	45,15	80,46	160,07	80,59
Road Shopping, Irrigation and Networking	107,46	36,42	343,49	73,06	328,43	75,32
Shopping Other Fixed Assets	1,29	18,13	0,65	97,31	0,59	50,27
Shopping Not Preaching	0,09	0,66	3,95	35,35	-	-
Unexpected Shopping	0,09	0,66	3,95	35,35	-	-
Transfer	104,26	100,00	214,81	90,96	203,22	81,39
Revenue Sharing Transfer to the City / Regions	104,26	100,00	214,81	90,96	203,22	81,39
Profit Sharing	104,26	100,00	214,81	90,96	-	-

Source: Data Processed, 2017

Based on the table, capital expenditure is still low in the year 2014 but increased compared to the previous year. The realization of capital expenditure up until the end of 2014 reached Rp.553, 49 billion, an increase of 28.50% (yoy), especially on the construction of buildings and buildings. Meanwhile, capital expenditure on infrastructure in nominal terms decreased by 4.34% (yoy).

Then data from the Provincial Procurement Policy Agency (LKPP), the monthly financial performance for Southeast Sulawesi Province shows good progress until the realization of November 2014. However, at the end of the year the realization of the budget cannot be achieved due to the physical progress of development and procurement of goods not finished yet. It is also affected by the delay in the process of auctioning of goods and services in the first quarter of 2014 which impact on the overall performance of the annual.

V. CONCLUSION

Based on the above study, it can be drawn a few points of conclusion as follows:

- a. Southeast Sulawesi Province consists of 15 districts and 2 cities. In each of these districts and cities have various financial potentials that can be used in the acceleration and expansion of development.
- b. The financial potential of Southeast Sulawesi Province is quite a lot. This is obtained, either through the Local Own Revenue (PAD) or the Profit Sharing Fund obtained through APBN and APBD.
- c. The benefits of regional finance in the form of development from various aspects of life, for the sake of achieving the welfare of life.

VI. REKOMENDATION

The proposed policy recommendations are as follows:

- a. Need appropriate policies in improving the potential and financial situation of the region in each District and City in Southeast Sulawesi Province.
- b. The government and the public should agree on the Regional Regulation (PERDA) for the acceleration and expansion of development in Southeast Sulawesi Province.

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