

Analysis of Regional Financial Capability in the Context of Regional Autonomy in Makassar City

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ABSTRACT

The purpose of this study was to determine and analyze the financial capacity of the region and the contribution of regional original revenue (PAD) to the regional revenue and expenditure budget (APBD) in supporting the implementation of regional autonomy in Makassar City. This research uses quantitative and qualitative research methods (mixed). The results showed that the financial capacity of the city of Makassar experienced a positive trend because it was in the more than adequate category by looking at the ratio of regional financial independence, which resulted in a total of 55.44%. The financial capacity of the city of Makassar from 2014 to 2016 experienced a positive tendency to increase with an average level of 16.43%, the effectiveness of PAD is 110.87%, the priority of expenditure allocation is still on routine spending, the growth of the PAD ratio, income and expenditure has fluctuated growth, and the remainder of the previous year's budget calculation (SILPA) is decreasing every year. This indicates that the capacity and financial performance of the city of Makassar is quite optimal, so it is necessary to tighten the existing regulations.

INTRODUCTION

In the General Elucidation of Law No. 32 of 2004, it is stated that the implementation of regional government functions will be carried out optimally if the implementation of government affairs is followed by providing sufficient sources of revenue to the regions, with reference to the Law on Financial Balance between the Central Government and Regional Governments, where the amount is adjusted and harmonized with the division of authority between the Government and the Regions. All financial sources attached to every government affair that is handed over to the regions become regional financial sources. Therefore, the regional government must be more observant and responsive in viewing and optimizing the utilization of regional potential as a source of regional income.

But more than that, it is more complete in the context of implementing regional autonomy, in accordance with Law Number 32 of 2004 and Law Number 12 of 2008 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and the Government Regions, as well as Government Regulation Number 58 of 2005 concerning Regional Financial Management. It demands the independence of the Regional Government in financing the administration of government and development. Routine and development budgets no longer come from the central government but come from local sources themselves. This means that local governments have a greater responsibility for managing regional finances.

An important criterion for knowing the real capacity of the region in managing and managing its households is the ability to self-support in the financial sector. The financial factor is an essential factor in measuring the level of regional capability in implementing its autonomy. Where the region can finance

the implementation of the regional government, the level of dependence on the central government has a smaller proportion. According to S. Pamudji in Kaho, local governments will not be able to carry out their functions effectively and efficiently without sufficient costs to provide services and development (Kaho & Josef Riwu, 1991).

Regional Finance is the dominant resource in supporting the capacity of regional autonomy. There is hardly a single government activity in the region that does not cost money. Therefore, regional financial management is an important variable in the framework of implementing regional autonomy and regional government in general (Djaenuri & Aries, 2003). Regional financial capacity in the era of regional autonomy is often measured by using PAD performance. The size of the PAD revenue is often associated with the success of the region in carrying out regional autonomy. Regional taxes and levies (which are the largest contributors to PAD) should be able to finance local government spending (Kuncoro, 2007).

The problem that usually arises from the use of PAD is that the central government's determination is still strong, which means it has not yet handed over the authority to manage natural resources to the regions. This attitude of the central government makes it very difficult for the Ministry of Finance to calculate with certainty how much income is earned from managing natural resources in the regions. In addition, related to taxes, one of which is income tax (PPH), so far the regions have provided facilities that have supported the smooth business of providing facilities, permits, and a conducive business environment, but so far the regions have not received "tax sharing" from the government results in acceptance. Based on Law No. 17 of 2000, the regions will get a 20% share only as an individual tax object, but as an object of a business entity, the area doesn't get it. Large companies have not contributed anything except the excess of their presence in the area and the social risks experienced by the local community (Syamsuddin, 2007.)

The impact of the emergence of the above problems is that the regions will always depend on central government assistance which is certainly not profitable for the central government because the regions are considered a burden, and for the regional governments themselves this is a factor that hinders regional independence in managing their own households. Regions will find it difficult to manage sources of Regional Original Income (PAD). Makassar City has several potentials that can be used as sources of Regional Revenue, namely: (1) PAD consisting of Regional Taxes, Regional Levies, Regional Owned Company Results, Separated Regional Assets Management Results, and Other Legitimate Regional Original Income. (2) Balancing Fund consisting of Tax Revenue Sharing, Non-Tax Revenue Sharing, General Allocation Fund, Special Allocation Fund, and Revenue Sharing Taxes and Financial Assistance from the Provincial Government. (3) Other Legal Income (Makassar Mayor's Accountability Report for 2006).

The total Original Regional Revenue of Makassar City in 2013 was Rp.170.698 billion. In 2014, it increased to Rp.210.068 billion, or 18.74% compared to 2013. Then in 2015, it was Rp.351.692 billion, or an increase of 40.27% from the previous year. The total balancing fund in 2013 was Rp.833.834 billion, in 2014 it was Rp.861.280 billion, and in 2011 it was Rp.905.873 billion. If in percentage, the total balancing funds from 2013 to 2014 increased by 3.19% and in 2015 increased again by 4.92% of the total balancing funds in 2014. Meanwhile, the total other legitimate income in 2013 was Rp. 211.184 billion, while in 2014 it was Rp.380.188 billion, an increase of 44.45%. And in 2015, it increased to Rp.417.004 billion, or an increase of 19.28% of the total other legitimate income in 2014 (Makassar City Regional Revenue Service, Makassar City Budget 2013-2015).

To realize the implementation of decentralization in Makassar City, 26 (twenty-six) mandatory affairs and 5 (five) optional functions have been implemented. One of the mandatory affairs of the Makassar City government that was funded by APBD in 2014 was Population Affairs and Civil Registry. Here is a description of the program: 1) Office Administration Service Program, with a budget allocation of Rp.650 million and 95.26% physical realization; 2) Improvement of Apparatus Facilities and Infrastructure Program, with a budget allocation of Rp.798 million and 99.88% physical realization; 3)

Apparatus Discipline Improvement Program, with a budget allocation Rp.26 million, with 100% physical realization; 4) Reporting System Development Improvement Program with Rp.50 million budget allocation and 100% physical realization; 5) Population Administration Arrangement Program, with a budget allocation Rp.5.991 billion and a 99.99% physical realization rate (Makassar City Government: Information on the 2014 Makassar City Government Implementation Report (ILPPD)).

Thus, it is known that the implementation of decentralization in the city of Makassar is carried out through the implementation of mandatory and optional affairs. One of the biggest factors is the achievement or failure of the target of implementing decentralization because it is influenced by the management of local revenue sources in Makassar City. Therefore, there must be foresight to see whether the Makassar City government has been able to optimize each of the existing sources of income to support the implementation of regional autonomy or not.

RESEARCH METHOD

This study uses a descriptive method with a qualitative and quantitative approach. The method and approach of this research is a research paradigm to describe events, behaviors of people, or situations in a certain place in detail and in-depth in the form of a narrative. This research was conducted in Makassar City. The data will be obtained through the Makassar City Regional Revenue Service (DISPENDA), the Makassar City Government Verification and Bookkeeping Section, and the Makassar City Central Statistics Agency (BPS).

The population surveyed in this study is the Makassar City Regional Revenue Service and the Makassar City Central Statistics Agency. To facilitate sampling from the population, researchers used a purposive sampling technique based on certain considerations and criteria. In this case, what is considered is identifying and retrieving data on employees and units responsible for the management and publication of regional financial management data at DISPENDA Makassar and BPS Makassar City.

In collecting data, the authors collect primary data to support research and search for secondary data, both in the form of notes, reports, documents, and literature related to this research problem. Secondary data is data obtained indirectly, namely by quoting or taking notes from documents in the form of statistical data, archives, pictures, and graphics from local governments, companies, or other valid sources, such as Budget Realization Reports, Revenue Budgets, Regional Expenditures, Mayor's Accountability Statement Reports, and so on. The selected document must have high credibility.

The data analysis method used in this research is to use the Financial Capability Index (IKR) determined by the National Planning and Development Agency (BAPPENAS) in the form of regional financial ratios measured using several ratios, namely: Regional Financial Capability Ratio, Fiscal Decentralization Degree Ratio, Routine Ability Index Ratio, Conformity Ratio, and Growth Ratio.

RESULTS AND DISCUSSION

Level of Regional Financial Capability in the Implementation of Regional Autonomy in 2016 in Makassar City

The financial ratios used in the discussion in this chapter are the ratios which are the translation of the Financial Capability Index (Bappenas, 2003), which consists of the regional Financial Independence Ratio, Fiscal Decentralization Degree Ratio, Routine Ability Index Ratio, Harmony Ratio, and Growth Ratio Makassar City Government Finance for the 2016 fiscal year, so it can be seen how the trends that occur each year in the last five years.

The data used is data that comes from document archives in the verification and bookkeeping section of the Makassar City government office (City Hall) in the form of Regional Revenue and Expenditure Budget (APBD) data and Budget Realization Reports (LRA) for the 2016 fiscal year. The LRA will later find out how Makassar City's financial performance during the five fiscal years will be.

APBD is a plan for the implementation of all regional revenues and all regional expenditures in the context of implementing decentralization in a certain budget year. Thus, the collection of all regional revenues in the context of implementing decentralization aims to meet the targets set out in the APBD.

Regional Financial Independence Ratio

The consequence of the assignment of tasks and responsibilities to the regions is getting bigger, to the regions a source of funding that continues to increase significantly from year to year, through a transfer scheme. This can be seen based on the results of the calculation of sources of income from external parties, namely in the form of assistance from the central or provincial government plus loans. Regional financial independence is the ability of local governments to increase local revenue (PAD) such as local taxes, user fees and others. Therefore, regional autonomy and regional development can only be realized if accompanied by effective financial independence. This means that regional governments must be financially independent of the central government by exploring as many possible sources of PAD as possible, such as taxes, user fees, and so on, and optimizing existing PAD sources.

The formula used to calculate this ratio is:

$$\text{Rasio Kemandirian} = \frac{\text{Pendapatan Asli Daerah (PAD)}}{\text{Bantuan Pemerintah Pusat/Provinsi} + \text{Pinjaman}} \times 100\%$$

(Nordiawan, 2008:48) argues that the Balancing Fund is a fund sourced from APBN revenues allocated to regions to fund regional needs in the context of implementing decentralization. Another background for the transfer of central funds to the regions is, among others, to overcome vertical fiscal inequality (between the center and the regions), overcome horizontal fiscal inequality, and achieve service standards for the community.

Horizontal fiscal inequality arises due to the imbalance of regional fiscal capacity with their fiscal needs. In other words, the ability of the region to generate regional original income is not able to cover regional expenditure needs. In accordance with Government Regulation (PP) No. 55 of 2005 article 2, "The balancing fund includes the Revenue Sharing Fund, the General Allocation Fund, and the Special Allocation Fund". The amount of the balancing fund is determined annually in the APBN.

The distribution of funds to regions through profit-sharing based on producing regions tends to create inequality between regions by taking into account the needs and potential of the region. DAU allocations for regions with large fiscal potential but small fiscal needs will receive relatively small DAU allocations. On the other hand, regions with small fiscal potential but large fiscal needs will receive relatively large DAU allocations. With a view to seeing the ability of the APBD to finance regional needs in the context of regional development as reflected in the general revenue of the APBD minus personnel expenditures.

Economic disparities between one province and another cannot be avoided with fiscal decentralization. This is due to the lack of tax sources and natural resources that are less accessible to local governments. To overcome this inequality, the Central Government took the initiative to provide subsidies in the form of DAU to the regions. Regions with higher poverty levels will be given a larger DAU than rich regions and vice versa.

Details on the components of sources of income from external parties in the form of central/provincial government assistance, plus the number of loans (if any) obtained by the Makassar City government in Table 1.

Table 1. Sources of Revenue from External Parties

Information	2016
Tax Revenue Sharing / Non-Tax Profit Sharing	Rp. 123,653,266,000.00
General allocation fund	Rp. 1,324,023,135,000.00
Special Allocation Fund	Rp. 169,598,160,000.00
Special Autonomy and Adjustment Fund	Rp. 379,082,824,000.00
Tax revenue sharing	Rp. 297,901,064,000.00
Other revenue sharing	Rp. 59,782,795,000.00
Grant income	-
Income and emergency	-
Other income	-

Source: Makassar City Budget 2020

From Table 1 it can be seen that the amount of funding sourced from external parties is increasing every year, where the General Allocation Fund (Dana Balangan) is the largest source of funding. The General Allocation Fund component is the largest contributor to income from external parties. This is influenced by the weight of the region, which is assessed based on the population index, area index, building price index, and relative poverty index which is then divided by 4 (four) and multiplied by the average regional expenditure. This is different from the provision of the Special Allocation Fund (DAK) which only considers financing for special needs, for example, the need for several types of new infrastructure, road construction in remote areas, and so on.

The second-largest component is the adjustment fund. Adjustment funds are funds allocated to assist regions in implementing certain policies of the Government and the DPR in accordance with laws and regulations, which consist of regional incentive funds, Regional Civil Servant Teacher Income Supplementary Funds (PNSD), funds transferred from the Ministry of National Education to Transfers to the regions, in the form of Teacher Professional Allowances and School Operational Assistance (BOS), Regional Infrastructure Adjustment Funds, and so on.

Table 2. Calculation of Financial Independence Ratio of Makassar City

No	Total Income (Rp)	Locally-generated revenue		%	Central/Prov Government Assistance + Loan		%	Independence Ratio	Relationship Pattern
		Rp	Development		Rp	Development			
1	3,659,221,632,000	1,305,180,008,000	-	131.55%	2,354,041,624,000	-	205.71%	55.44%	participatory

Source: Makassar City Budget 2020

According to the results of calculations and table 2, in 2016 it reached a result of 55.44% with a participatory relationship pattern. Because it is included in the range of 50.01% - 75.00%. The pattern of this relationship illustrates that the central government's intervention has begun to decrease because the regions are less capable (medium) of implementing regional autonomy. The independence ratio, which is showing the regional financial capacity of Makassar City in financing the implementation of government and development, has begun to not depend on revenues from the central government.

Regional financial independence is very important, both in terms of income (revenue) and expenditure, so that regional governments have a stronger ability to design and implement activities that are stimulants for improving people's welfare in accordance with the aspirations and characteristics of each community. In line with this, the Makassar City Government continues to intensify efforts to optimize the increase in regional income, especially regional original revenue (PAD), because the management of PAD

collection is within the realm of the regional government's own policy, in contrast to the Balanced Fund, whose policy is the domain of the Central Government.

The better independence ratio is due to the source of regional revenue and the basis for imposition of fees it seems that Regional Original Revenue is still reliable for regions for regional autonomy, because of the relatively good tax/retribution base in the region and the improvement in local revenue that can be extracted by the local government. This is because the central government's control over potential sources to increase Regional Original Income has begun to decrease. Meanwhile, the sizable tax base is still managed by the central government, which in collection/imposition is based on government laws/regulations, and the regions only carry out and will receive a share in the form of balancing funds. The balancing fund itself consists of Tax Revenue Sharing, Non-Tax Revenue Sharing/Natural Resources,

To overcome this, local governments must be able to optimize revenues from their existing potential revenues. The initiative and willingness of the local government are very much needed to increase PAD. Local governments must look for possible alternatives to overcome their lack of financing, and this requires creativity from local financial implementing officials to find new sources of financing, both through financing cooperation programs with the private sector and programs to increase PAD, for example, the establishment of potential sector BUMDs. as well as equity participation in regional companies in return for dividends.

Fiscal Decentralization Degree Ratio

Regional fiscal decentralization shows how much dependence local governments have on the entrance fin level of dependence, done by using a measure called the Degree of Fiscal Decentralization.

The Fiscal Decentralization Degree Ratio can be calculated using the following formula:

$$DDF = \frac{PADt}{TPDt} \times 100\%$$

Where:

DDF = Degree of Fiscal Decentralization

PADt = Total PAD year t

TPDt = total Regional Revenue year t

Table 3. Calculation of the Degree Ratio of Makassar City Fiscal Decentralization

Year Budget	PAD (Rp)	TPD (Rp)	%	Ability Finance
2007	1,305,180,0008,000.00	3,659,221,632,000.00	35.51%	Currently

Source: Data Processing 2020

Makassar City's regional financial capacity based on the calculation of the degree of fiscal decentralization ratio shows that it is slightly better or moderate. Revenues obtained are based on local revenue compared to Total Regional Revenue (TPD). This can be seen in Table 3, the financial capacity based on the ratio of the degree of fiscal decentralization in 2016 was categorized as moderate because it was in the 30.01% - 40.00% interval. Starting to improve in the acquisition of the percentage owned by the City of Makassar, it shows that the city government is able to finance its own expenses. In other words, their dependence on the central government has begun to decrease. If the results of the ratio of the degree of fiscal decentralization are combined with the results of the calculation of the independence ratio,

Regional fiscal independence is a very important aspect of overall regional autonomy. The benefit of self-reliance is to encourage increased participation of community initiatives and creativity in the development and will encourage equitable distribution of development outcomes (justice) throughout the region by utilizing the resources and potentials available in the region. From the above, regional fiscal independence illustrates the ability of local governments to increase Regional Original Income (PAD) such

as local taxes, levies, and others. Therefore, regional autonomy and regional development can only be realized if accompanied by effective fiscal independence.

Routine Ability Index Ratio

Routine Ability Index (IKR) can be calculated using the following formula:

$$IKR = \frac{PAD}{Total\ Pengeluaran\ Rutin} \times 100\%$$

In this study, routine expenses or routine expenses were obtained from the operating expenses section. This is due to a change in the regulations regarding spending groups in the Regulation of the Minister of Home Affairs Number 13 of 2006 which was later changed to the Regulation of the Minister of Home Affairs Number 59 of 2007 concerning Guidelines for Regional Financial Management. The following is a breakdown of the components of Makassar City's routine expenditures/expenditures which are presented in Table 4.

Table 4. Makassar City Routine Expenditure

DESCRIPTION	FISCAL YEAR
	2016
Employee Shopping	1,477,561,044.000,00
Flower Shopping	1,250,000,000.00
Subsidy Shopping	-
Shopping Grants	20,775,000,000.00
Social Assistance Shopping	20,775,000,000.00
Expenditure for Profit Sharing to Prov./Kabupaten/City & Pem. village	-
Spending on Financial Aid to Prov./Kabupaten/City & Village Governments	5,097,743,000.00
Unexpected shopping	5,000,000,000.00
Total Routine Expenditure	1,509,683,787,000.00

Source: Data processed 2020

Regional expenditure is the obligation of the regional government which is recognized as a deduction from the net worth. In other words, regional expenditure can also be interpreted as all regional government expenditures in a budget period in the form of cash outflows of assets. With the authority to manage regional finances given, Routine Expenditures are prioritized on optimizing the routine functions and tasks of regional apparatus, including the apparatus of services that have been and will be delegated to the Regional Government.

In Tael 4, the largest component of Makassar City's routine expenditure for the 2016 fiscal year is Personnel Expenditure. Referring to the results of an interview with Ahdi Abidin Malik as the Head of the Verification and Bookkeeping Sub-Division of the Makassar City government, who argued: "The impact of the high routine spending is because the city government does not have any remuneration or other additional salaries. Remuneration is a reward or salary. In the context of Bureaucratic Reform, the notion of remuneration is a realignment of the payroll system that is linked to the performance appraisal system. In addition, there is a tendency in each SKPD or work unit to increase activities. From these activities there are honorariums, causing the city government to spend more on personnel expenditures than development expenditures or capital expenditures because of this. Actually, to be more technical BAPPEDA knows better. Because we in finance can conclude like that because we look at the Budget Execution List that is

budgeted, there are many activities programmed by SKPD in an effort to get honorariums or additional salaries”.

In line with the opinion of Ahdi Abidin Malik, Iswady (Head of the Sub-Division of Finance Office: "If we think that the number of Makassar City Civil Servants (PNS) is 14,000 people, then the salary calculation given is 13 (thirteen) months because there are 13 (thirteen) salaries. This is what causes the high routine expenditure of the Makassar City government”.

The following are the results of the calculation of the Routine Ability Index (IKR) ratio of Makassar City for the 2016 fiscal year:

Table 5. Calculation of Makassar City Routine Ability Index Ratio

Year Budget	PAD (Rp)	Routine Expenses (Rp)	%	Ability Finance
2016	1,305,180,0008,000.00	1,509,683,787,000.00	86.45%	Very good

Source: Data processed 2020

From table 4.5, it can be concluded that the Makassar City Routine Ability Index is 2016 on a very good scale because it is on an interval scale of 80.01% – 100%. This means that Regional Original Revenue (PAD) has a very good ability to finance routine expenses, this happens because Makassar City's PAD is greater than the value of routine expenditures. This also proves that the city of Makassar is very less dependent on financial sources from the central government. However, although the trend continues to increase, even very well, the regional financial capacity of Makassar City is still considered lacking. PAD revenue increases every year, but in fact, this has not been able to fully cover routine expenditures.

According to Iswadi: “The trend of PAD continues to increase, even though the city government has not been able to fully use PAD to cover all regional expenditures. It is not enough to cover the salaries of employees, let alone to build roads and office expenses. So we still hope that there are other sources of income outside of PAD, such as from the General Allocation Fund given by the central government to cover personnel expenditures, so that PAD is used for capital expenditures, road construction”.

From the results of the two interviews above, the Makassar City government needs to seek savings for non-employee Routine Expenditures by prioritizing financing for truly urgent expenditures accompanied by increased budgetary discipline to suppress the high value of routine expenditures.

Growth Ratio

The growth ratio measures how much the local government's ability to maintain and increase the success that has been achieved from one period to the next. The formula used to calculate the growth ratio is as follows:

$$r = \frac{P_n - P_o}{P_o} \times 100\%$$

Where:

P_n = Data thatcalculated in year n

P_o = Data thatcalculated in year 0

R = Growth

Table 6. Makassar City Growth Ratio

No	Information	Fiscal year	
		2015	2016
1	PAD	992,147,612,000.00	1,305,180,0008,000.00
	Growth	-	131.55%
2	Total income	3,221,742,911,000.00	3,659,221,632,000.00
	Growth	-	113.57%
3	Regular Shopping	1,387,386,478,400.00	1,509,683,787,000.00
	Growth	-	108.81%
4	Development Shopping	2,088,508,273,600,000	2,315,537,845,000.00
	Growth	-	110.87%

Source: Makassar City Budget 2020

Based on the results of the calculations in table 6 of the Makassar City APBD growth conditions, it can be concluded that the APBD in the 2016 fiscal year showed positive growth. Where means that PAD and total regional income are followed by growth in development spending. This means that the Makassar City government is able to maintain and increase its growth from one period to the next, even though there is a fluctuating growth in development spending and routine expenditures that continue to increase in the 2015 to 2016 period. an evaluation of the potential areas that need attention can be carried out. The higher the percentage growth of each component of income and expenditure,

Contribution of Regional Original Revenue to the Regional Revenue and Expenditure Budget for the 2016 Fiscal Year in Supporting the Implementation of Regional Autonomy in Makassar City

The transfer of autonomy cannot be separated from the ability of the regions to manage and explore the sources of regional income itself, both those originating from Regional Original Income, Balancing Funds, as well as receiving donations and other assistance. Fostering sources of regional income is always pursued by exploring the potential and constantly monitoring the existing sources of regional income.

Every country with a large area requires an effective local government system. This system is needed not only as a tool to implement various government programs in the regions but also as a tool for local communities to participate in determining priorities for their own regional development. Therefore, the Makassar City Government seeks to increase the revenue Regional Original Revenue originating from various sectors such as the results of regional taxes, regional levies, the results of regionally owned companies, and the results of regional wealth management as well as other legitimate regional original revenues.

Although it consists of four sources until now only Regional Taxes and Regional Levies have contributed significantly to the total PAD revenue of a region. While sources originating from BUMD and other legitimate PAD still do not play a role, which can be observed in the following table:

Table 7. Composition of Makassar City Original Revenue

PAD Composition of Makassar City	Amount
Local tax	1,063,441,478,000.00
Regional Retribution	145,971,6700,000.00
Results of separated regional wealth management	14,415,420,000.00
Other Legitimate Regional Original Income	81,351,440,000.00
Total PAD	1,305,180,0008,000.00

Source: ABPBD Makassar City 2020

The largest component of Makassar City's PAD revenue is local taxes. Makassar City itself has 10 (ten) types of local taxes. Although the number of types of taxes is quite large, the management is not optimal. This is justified by Ahdi Abidin Malik who argues that: "Taxpayers and levies are not yet aware of paying taxes. For example, if we budget, Hotel A usually only pays 50-60% maximum of what is budgeted. Rarely does anyone pay 100% That's why we budgeted higher than the target." In line with Ahdi Abidin Malik, according to Iswadi: "The level of public participation will definitely increase every year, but there are some people who have not been able to pay taxes on time and in the right amount because paying taxes must be on time and the exact amount. If it's not on time, means a fine. If the amount is not correct, the fine is calculated and an underpaid regional tax assessment is issued. Usually, there are miscalculations from taxpayers who calculate their own taxes which are usually found in terms of tax payments, causing underpayments. There are also those that are not on time. Should be paid this month, but paid the next month.

For the tax base which is considered to belong to the Makassar City government but is still controlled by the central government, Ahdi Abidin Malik, the head of the verification and bookkeeping sub-section, said: "Currently, there is absolutely no tax base that should belong to the city of Makassar, which is still controlled by the government. All PAD, including PBB and BPHTB, have been managed by regional/city governments". A different statement was issued by Iswady as the head of the Finance sub-section of the Makassar City Revenue Service. He argues: "The tax base that is large in nature is still controlled by the central government. For example, under PPH 21, if, for example, people receive honorariums, the tax is cut by 15%, which is included in the central tax. If our honorarium is cut by 15%, the 15% goes straight to the central government. The central government will later share the results with us. If there are sources of regional taxes that are still managed by the central government and have not been handed over to the regions, I don't know what the considerations are. Maybe someday it will be handed over to the regions, and maybe someday it will be pulled back to the central government. There is something like that that has been handed over to the regions but has been withdrawn to the central government, depending on the policy of the central government. If it is deemed that they have not been able to manage the tax, then the tax will be withdrawn. There are many considerations as to why an object of income can be handed over to the region or why it can be withdrawn".

This difference of opinion occurs because, according to Ahdi Abidin Malik, the city government should optimize and regulate the collection of existing regional taxes so that it can further increase revenue from existing sources, while according to Iswady, the delegation of authority to the regions to collect PPh 21 could be a potential source of income which will affect the local government revenue of Makassar.

The AD's contribution to the revenue of Makassar City's Regional Original Revenue for the 2016 fiscal year is as follows:

Table 8. Contribution of Regional Original Revenue to Total Revenue

No	TA	Total APBD Revenue (Rp)	Locally-generated revenue	
			Rp	Development (%)
1	2015	3,221,742,911,000.00	992,147,612,000.00	-
2	2016	3,659,221,632,000.00	1,305,180,000,000.00	131.55

Source: Makassar City Budget 2020

From table 8, it can be seen that PAD experienced a significant increase from 2015 to 2016. Although the trend of PAD increased in line with the discretion of the central government to hand over several sources of income that were previously controlled by the central government which was then handed

over to local governments to collect, Withdrawing several types of taxes has been handed over to the regions, so that the trend of PAD is increasing, however, Makassar City's PAD has not been able to cover all regional expenditures. According to Iswadi, the average amount of PAD that has been achieved by the Makassar City government is: "A satisfactory achievement. In terms of percentage, it has already been covered because based on this calculation it has reached 40% of the total APBD."

The increase in the contribution of PAD to Total APBD Revenues is due to the city government being more stringent in existing regulations, as well as being more shrewd in seeking alternative sources of funding. One of them is the establishment of a Regional Owned Enterprise (BUMD) in the form of a Regional Company. The establishment of BUMD is part of PAD. Equity participation in regional companies is regulated through regional regulations. The city government or regional government does not immediately form a regional company and include its capital. Not like that, but the city/regional government must go through the approval mechanism of DPRD members through regional regulations. So, it will be approved/discussed first in the DPRD whether it is appropriate for the city/regional government to invest the money. This money is public money. If people want to spend money belonging to the people, they must ask for permission from the same person who represents the people, namely the DPRD, so there must be approval from the DPRD, and then it is included in a regional company. It is at the time when the company is included in the local government that the city government hopes that the invested capital will return in the form of dividends. The definition of a dividend can only be returned if the regional company makes a profit. When a loss occurs, it will be shared.

Ahdi Abidin Malik is of the opinion: "There are many other sources to increase PAD, in fact, there are still many in Makassar City. Let's take the example of parking fees. Parking is not accommodated properly. That is, logically one car must pay retribution of Rp.1000, how many cars are there in Makassar. But maybe the management is not optimal, because we usually target Rp.500.000.000 and never reach 100%, at least half of it, the rest do not know where. Usually, there are those who give tickets, and there are those who don't. So yesterday at a meeting the finance department said, don't try to give parking fees if there is no ticket. However, the fact is that according to some people just because of a thousand dollars there is a fight, even though it is a mistake. Maybe that's where the fault lies. So that we are not easy to play. Meanwhile, from the side of BUMD, the potential sectors are parking, terminals, markets, slaughterhouses. I think it's enough for now, but the city government has tried to include its capital in regional companies. The results obtained are that the dividends announced by the city government are still very low".

In accordance with the General Budget Policy in the field of Regional Revenue in 2016 which is still directed at efforts to increase regional income through optimizing the management of regional revenues according to the existing potential and authority based on the provisions of applicable laws and regulations, while still prioritizing considerations of justice and community capabilities. The optimization of regional revenue management is carried out by synergizing the intensification and extension programs of regional revenue sources. The intensification is focused on efforts to improve the quality of local tax and levy services, simplifying the bureaucracy, improving administrative order, enforcing sanctions, increasing communication and information to the public and reforming the regional taxation system.

Intensification of PAD Resources

Intensification is an effort to increase PAD through the process of optimizing the management of local revenue sources which have been managed by local governments. In 2011, the intensification of PAD management included:

- 1) Improving the quality of services, among others through the improvement and development of leading SAMSAT services, the use of information technology in the service of regional taxes and the reporting system of regional taxes, and simplification of systems and procedures for the services of regional taxes and regional levies.

- 2) Improvement of facilities and infrastructure, among others through renovation and development of offices and service facilities to increase public convenience in paying regional taxes and levies.
- 3) Improving the quality of human resources, through training and technical guidance on the management of regional revenues.
- 4) Improved administrative order in the collection of Regional Taxes and Levies in all SKPD managing PAD.
- 5) Intensive and effective coordination, namely by increasing cooperation with all SKPD managing income, including with vertical agencies in terms of intensification of Revenue Sharing Funds and Other Legitimate Income.
- 6) Increasing public obedience in fulfilling their obligations to pay Regional Taxes through socialization, increased supervision, and enforcement of sanctions.

Extensification of PAD Resources

Extensification is an effort to increase regional income through the expansion and/or addition of objects and subjects of regional income sources. In 2016, the extensification efforts carried out included:

- 1) Effectively implement South Sulawesi Provincial Regulation Number 10 of 2010 concerning Regional Taxes, which among others stipulates:
 - a) Including objects
 - b) A tax rate increase.
- 2) Preparation, discussion, and stipulation of 3 (three) regional regulations in the regional levy sector, namely Regional Regulation No. 9 of 2011 concerning Public Service Retribution, Regional Regulation Number 10 of 2011 concerning Certain Licensing Retribution, and Regional Regulation No. 1 of 2011 concerning Service Charges Business.

Makassar City Original Sources of Revenue

Sources of Regional Original Income (PAD) Makassar City, consisting of:

- 1) Regional Taxes, which are divided into Hotel Tax, Restaurant Tax, Entertainment Tax, Advertising Tax, Street Lighting Tax, Class C Excavation Tax, Parking Tax, Underground Water Tax, Swallow's Nest Tax, BPHTB Tax.
- 2) Regional levies, including Health Service Fees, Garbage/Cleaning Service Fees, Identity Cards and Civil Registry Deeds, Funeral Service Fees and Burials, Fees for Toilet Provision/Suctioning, Roadside Parking Fees, Motor Vehicle Testing, Equipment Usage Fees Fire Extinguisher, Fishing Vessel Testing, Regional Office Usage Fee, Fish Auction Fee, Terminal Retribution, Slaughterhouse Retribution, Recreational and Sporting Venue Retribution, Water Crossing Retribution, Building Construction Permit Charges, Disturbance Permit Charges (Business Place Permit) , Route Permit Fees, Employment Fees, Industry and Trade Charges, Information and Communication Fees, Cooperatives Sector Charges, Administrative Services Fees, Licensing for Construction Services Permits, Levies for Permits for Sales of Alcoholic Drinks and Retribution for Losari Beach Pavilions.
- 3) Separate Regional Wealth Revenues, namely Regional Operating Profits: Regional Drinking Water Company, Regional BPR Company, Greater Makassar Market Regional Company, Cleaning Regional Company, Regional RPH Company, Parking Area Company, Terminal Regional Company.

CONCLUSION

From the results of the research and the results of data analysis, the following conclusions can be drawn:

1. The level of regional financial capacity of Makassar City in the implementation of regional autonomy for the 2016 fiscal year is considered to be more than adequate. This can be seen based on the results of the ratio calculation:
 - a. The ratio of regional financial independence in 2016, which resulted in a total of 55.44% with a participatory relationship pattern, was also because it is included in the range of 50.01% - 75.00%. From these results, the Makassar City government has begun to reduce its dependence of the Makassar City government on sources of aid funds from external parties, both the central government and the provincial government.
 - b. The Ratio of Degrees of Fiscal Decentralization in 2016 showed a figure of 35.51% with a moderate relationship plaque because it was in the interval of 30.01% - 40.00%. These results indicate that the Makassar City government is more than adequate to finance its own expenses.
 - c. Based on the ability of PAD to finance routine regional expenditures, which is often referred to as the IKR Ratio (Routine Ability Index) of 86.45% with a pattern of financial capability that has reached the highest interval of 80.01% – 100% which is considered very good. This means that Makassar City's PAD is very capable of financing routine expenditures carried out by the city government.
 - d. Based on the growth ratio, Makassar City's PAD experienced growth from the 2015 to 2016 period. Total Regional Revenue also experienced growth in that period, as did routine spending and development spending which also experienced growth during that period. From the calculation results, it can be concluded that the Makassar City APBD growth conditions show a positive value because the growth of PAD and TDP is not only followed by growth in routine expenditures but also in development expenditures. Based on the Growth Ratio, the contribution of Makassar City's original regional revenue to the 2015 to 2016 Regional Revenue and Expenditure Budget is considered more than adequate
2. The contribution of Regional Original Revenue to the Makassar City Regional Revenue and Expenditure Budget in supporting the implementation of regional autonomy for the 2016 fiscal year is considered more than adequate. Based on the results of the calculation of the contribution of PAD, the result is above 40%. This achievement figure increased dramatically when compared to 5 years ago, where the results only revolved around one digit, which was 9.00%-10.00%. The increase in the contribution of PAD to Total APBD Revenues is due to the city government being more stringent in existing regulations, as well as being more shrewd in seeking alternative sources of funding. One of them is the establishment of a potential sector Regional Owned Enterprise (BUMD) in the form of a Regional Company.

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