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RESEARCH ARTICLE

BALANCED FINANCE OF THE CENTRAL AND REGIONAL GOVERNMENTS IN THE IMPLEMENTATION OF REGIONAL AUTONOMY IN BALI PROVINCE

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ABSTRACT

The matters on authority regulated underthe Law of the Republic of Indonesia No. 23 of 2014 on Regional Government and the distribution of regional taxes and levies under the Law of the Republic of Indonesia No. 28 of 2009 on Regional Taxes and Regional Leviesare the right of the Regency/City Government. It leads to a strong gap in the Original Regional Revenue ("ORR") which causes inequality of development between regions and distribution of public welfare. This research aims to find out the amount ofthe balanced finance of central-regional governments and ORR as well as which of those has the bigger amount in terms of financing the regional government implementation in the Regencies/City in Bali Province. This research employs normative legal research by using primary, secondary, and tertiary legal materials which are analyzed by usingthe qualitatively normative tool with statutory and conceptual approaches. The results show that, in terms of revenue inequality, the central government has an instrument through the balanced finance of the central-regional governments whichaims in overcoming both the vertical and horizontal gaps. From the revenue structure, it is noted that the revenue of the balanced finance of the central-regional governments is bigger than the ORR. This indicates that the regions still depend on the central and the balance fund formula is a hope for the Regencies/City in Bali.

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INTRODUCTION

Article 18A paragraph (2) of the 1945 Constitution of the Republic of Indonesia("the 1945 Consitution") states that the relations between the central government and regional authorities in finances, public services, and the use of natural and other resources shall be regulated and administered with justice and equity according to law. In Indonesia, balanced finance of the central-regional governments is regulated under the Law of the Republic of Indonesia No. 33 of 2004 on Balanced Finance of the Central and the Regional Governments ("Law No. 33/2004") that revoked the Law of the Republic of Indonesia No. 25 of 1999 on Balanced Finance of the Central and the Regional Governments ("Law No. 25/1999") that revoked the Law of the Republic of Indonesia No. 32 of 1956 on Balanced Finance Between State and Regions that Entitle to Manage Their Households. Article 1 number 3 of Law No. 33/2004 stipulates that Revenue Sharing between the Government and the Regional Governments means a fair, proportional, democratic, transparent and efficient sharing of revenues in the financing of Decentralization with due regard to the potential, condition, and need of the regions as well as the amount of funding of theDeconcentration and Co-administered Task. This formulation is in line with the consideration letter (c) of Law No. 33/2004 which states " That in supporting the regional autonomy through the provision of sources of financing based on the authority of the Central Government, Decentralization, Deconcentration and Co-administered Tasks, the sharing of revenues between the Central Government and the regional governments need to be established in a financial system based on the sharing of authority, task, and responsibility among the government agencies".[1] Law No. 33/2004 is intended to support the funding for the transfer of functions to the Regional Government which is regulated in the Law of the Republic of Indonesia No. 23 of 2014 on Regional Government ("Law No. 23/2014").The funding follows the "money follows function" principle, which means that the funding follows the functions of government which are the

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[1]Sijabat, M. Y. (2014). Analisis Kinerja Keuangan Serta Kemampuan Keuangan Pemerintah Daerah Dalam Pelaksanaan Otonomi Daerah (Studi Pada DinasPendapatan Daerah Dan Badan Pengelola Keuangan Dan Aset Daerah Kota Malang Tahun Anggaran 2008-2012). *Jurnaladministrasipublik*, *2*(2), 236-242.

obligations and responsibilities of each level of government. In order to create an efficient and effective government as well as to prevent overlapping; therefore, the government administration that belongs to the region is financed by the Regional Revenues and Expenditures Budget ("RREB") meanwhile the government administration that belongs to the central, whether it is the central's responsibility that is deconcentrated to the Governor or assigned to the Regional Government and/or Village or other designations in the Co-administered task, is financed by the State Revenues and Expenditures Budget ("SREB"). Sources of funding for the implementation of the Regional Government include ORR, balance fund, regional loan, and other legitimate revenues. ORRis Regional Revenues sourced from the results of the Regional Tax, Regional Levies, management of the separated Regional assets, and other legitimate regional revenues. This research aims to find out the amount of the balanced finance of central-regional governments and ORR as well as which of those has the bigger amount in terms of financing the regional government implementation in the Regencies/City in Bali Province.

METHODOLOGY

This research uses normative legal research which will examine the balanced finance of the central-regional governments and ORR in managing regional finances. Primary legal materials used in this research are laws and regulations related to the topic, such as the 1945 Constitution, Law No. 33/2004, Law No. 23/2014, Minister of Home Affairs of the Republic of Indonesia Regulation No. 13 of 2018 on Guidelines for the Grant and Social Assistance Awardings Sourced From the Regional Revenues and Expenditures Budget ("Minister of Home Affairs Regulation No. 13/2018) and Government Regulation No. 12 of 2019 on Regional Financial Management(Government Regulation No. 12/2019). Other legal materials are in the form of books, journals, scientific writings, etc.

RESULTS AND DISCUSSION

Balanced Finance of Inter-Regional: The elucidation of Law No. 33/2004 states that balance fund is Regional funding sourced from the SREB consisting of Shared Fund ("SF"), General Allocation Fund ("GAF), and Special Allocation Fund ("SAF"). Aside from being intended to assist the region in funding its authority, the balance fund also aims to reduce the inequality of government funding sources between the Central and the Regional and to reduce the inter-regional government funding gaps. The three components of the Balance fund are a system of fund transfers from the Government and are a unified whole. SFis fund sourced from SREB revenues that are shared with the regions based on certain percentage figures. The SF regulation in this Law is an alignment with the Law of the Republic of Indonesia No.7 of 1983 on Income Tax ("Law No.7/1983") as amended several times, most recently by the Law of the Republic of Indonesia No.17 of 2000 on the Third Amendment of the Law of the Republic of Indonesia No. 7 of 1983 on Income Tax ("Law No. 17/2000"). This Law contains provisions concerning Revenue Sharing from Income Tax Article 25/29 Domestic Personal Taxpayer, and Article 21 Income Tax as well asthe geothermal mining sector as referred to in the Law of the Republic of Indonesia No. 27 of 2003 on

Comparison Between the Balance Fund and ORR of Regencies/City in Bali and Provincial Government of Bali, 2016

No	Regency/City/ Province	Balance Fund	ORR	Comparison %
1	Badung	512,066,239,004.00	3,563,589,483,327.32	14.37
2	Denpasar	846,982,852,262.00	740,366,097,386.75	114.40
3	Gianyar	967,636,448,000.00	529,864,617,918.42	182.61
4	Karangasem	930,264,999,034.07	229,345,684,510.26	405.61
5	Tabanan	1,224,910,394,000.00	304,920,947,542.44	401.71
6	Buleleng	1,305,606,678,444.00	282,113,899,551.44	462.79
7	Klungkung	714,620,572,126.50	121,979,254,638.60	585.85
8	Jembrana	707,078,034,672.00	100,754,084,124.16	701.78
9	Bangli	848,537,158,000.00	104,686,950,722.25	810.54
10	BALI	1,752,129,594,784.00	3,171,734,921,968.73	55.24

Source: processed from the Financial and Asset Management Agency of Bali Province as well as Financial Data of Regencies/City in Bali, 2016

Geothermal Energy. In addition, the reforestation fund which was originally included as part of SAF, is transferred to SF.[2] GAF aims to equalize inter-regional financial capacity intended to reduce inter-regional financial capacity imbalances through the application of formulas that take into account regional needs and potential. GAF of a region is determined by the size of the fiscal gap of a region, which is the difference between fiscal needs and fiscal capacity. The law reaffirms the formula for the fiscal gap and the addition of GAF variables. Regions with large fiscal potential but small fiscal needs will obtain a relatively small GAF allocation. Conversely, regions with small fiscal potential but the large fiscal need will receive a relatively large GAF allocation. Implicitly, the principle emphasizes the function of the GAF as a factor for equitable fiscal capacity. SAF is intended to finance special activities, which belong to regions, in certain regions in accordance with national priority, specifically to finance the needs of basic public service facilities and infrastructure that have not yet reached certain standards or to encourage the acceleration of regional development.

This Law also regulates grants originating from foreign governments, foreign agencies/institutions, international agencies/institutions, government, domestic agencies/institutions or individual, both in the form of foreign exchange, rupiah, goods and/or services including experts, and training that does not need to be paid back. Furthermore, this Law also governs the provision of Emergency Fund to regions due to national disasters and/ or extraordinary events that cannot be overcome with RREB funds. In addition, the government can also provide Emergency Fund to regions experiencing a solvency crisis, namely regions that experience a prolonged financial crisis. To avoid declining services to the local society, the government can provide this Emergency Funds to the region after prior consultation with the House of Representatives. The regional loan is one of the financing sources that aims to accelerate regional economic growth and to improve services to the society. Financing sourced from loan must be managed properly so as not to harm the regional finance as well as national economic and monetary stability. Therefore, the regional loan needs to fulfill the criteria, requirements, mechanisms, and sanctions related toregional loans stipulated in this Law. Autonomy is a derivative of decentralization. Therefore, the autonomous region is an independent area in the initiative. The degree of independence

[2]Kurniawati, T. (2012). Konflikdalampenentuan dana bagihasilantarapemerintahpusat dan pemerintahpropinsi Kalimantan Timur. *Jurnal Ilmu Sosial dan Ilmu Politik*, *16*(1), 16-25.

and descent from the level of decentralization shows that the higher the degree of decentralization the higher the level of regional autonomy.[3] The regional government functions implementation will be carried out optimally if the government affairs implementation is followed by finding sufficient sources of revenue to the regions by referring to the law on balanced finance of the central and regional governments, the amount of which is adjusted and harmonized with the division of authority between the central andregional governments.

The financial relationship between the central and regional governments is described as follows[4]:

The President as head of government holds the power of State finances management which is part of the government power. The President hands over this power to the regional head (Governor/Regent/ Mayor) as the head of the regional government to manage his/her regional finances and to represent the regional government in separate ownership of wealth. The central and the regional relationship concerning the relationship between management on revenue and expenditure both for routine expenditure and regional development in order to provide good quality, responsible, and accountable public services. The concept of the central and the regional relationship is administrative and regional relations; hence, the central government allocates the balance fund to the regional government in accordance with the laws and regulations. Therefore; those structures indicate balanced finance between the central and regional governments as a necessity in order to maintain the existence of the unitary state of the Republic of Indonesia's principle. This is in line with the development of thought son granting autonomy to the regions. In addition to giving authority to the regions to manage their regions by relying on most of the funding from their finances, it also has the right to get assistance from the central government whose obtains sources of revenue that come from the regions based on the capabilities of the central government (the unitary state principle).[5]

In Indonesia, decentralization followed by fiscal decentralization began with the Law of the Republic of Indonesia No.22 of 1999 on Regional Government ("Law No. 22/1999) and Law No. 25/1999. Later on, those two laws revoked by the Law of the Republic of Indonesia No.32 of 2004 on Regional Government(Law No. 32/2004) and Law No. 33/2004. With the implementation of this fiscal decentralization policy, regions have the right and obligation to manage their finances in accordance with the allocation received. Actually, if it is calculated from the ORR, there are regencies/cities whose income, including if the revenue is combined with several other regencies in the province, is very extraordinary compared to other regencies/cities. Even if the amount of the determined-balance fund based on the formula is reduced, still, in such regency, the amount is very large. Therefore, such regency is able to carry out all functions that are under its authority. Whereas, on the other side, the other regencies rely heavily on central regional financial balance funds in order to be able to fulfill the obligations to carry out the functions that are under their authority, including to build infrastructure in order to provide public services. This income inequality affects the quality of the region's ability to implement regional autonomy. Unequal income will have an impact on other inequality, such as inequality in development and society's welfare, in addition to inequality in public services. In addition to relying on ORR and revenue on sharing, the regency also expects financial assistance in the form of grants from other regencies to support several development programs. In terms of regulation, the inter-regional (provincial and inter-regencies) grant assistance has been stated in Minister of Home Affairs Regulation No. 13/2018 and Government Regulation No. 12/2019. The main thing that underlies the distribution of balanced finance between the central and regional governments is balancing the fiscal capability and fiscal needs of each different region in order to increase its ability to carry out its autonomy[6], which is carried out in a balanced finance system[7] that is just, proportionate, democratic, transparent and efficient.

Distribution of Balanced Finance between Central and Regional: The implementation of regional government functions will be carried out optimally if the administration of government affairs is followed by sufficient sources of revenue to the regions by referring to the law on balanced finance between the central and regional governments. The amount of which is adjusted and harmonized with the division of authority between the central and regional governments. The financial relationship between the central and regional governments can be described as follows[8]:

- The President as head of government holds the power of State finances management which is part of the government power.
- The President hands over this power to the regional head (Governor/Regent/ Mayor) as the head of the regional government to manage his/her regional finances and to represent the regional government in separate ownership of wealth.
- The central and the regional relationship concerning the relationship between management on revenue and expenditure both for routine expenditure and regional development in order to provide good quality, responsible, and accountable public services.
- The concept of the central and the regional relationship is administrative and regional relations; hence, the central government allocates the balance fund to the regional government in accordance with the laws and regulations.

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[3] Basuki, (2008). *Pengelolaan Keuangan Daerah,* Kreasi Wacana, Jogyakartah. p. 14

[4] Edward, H. (2016), Perimbangan Keuanganantara Pemerintah Pusat denganPemerintah Daerah dalam Pengelolaan Keuangan Daerah, *Jurnal Ilmu Pemerintahan Widyapraja*, Vol XLII No.1, p. 2

[5]Nasution, F. A. (2011). Kebijakan Perimbangan Keuanganantara Pemerintah Pusat dan Daerah Pasca Reformasi. *Jurnal HukumIus QuiaIustum*, *18*(3), 381-404.

[6]Faisal Akbar Nasution, *Pemerintahan Daerah dan Sumber-Sumber PendapatanAsli Daerah*, Cetakan Pertama, Sofmedia, Jakarta p. 19.

[7]Arifin P. Soeria Atmadja, 2009, *Keuangan Publikdalam Perspektif Hukum, Teori, Kritik dan Praktik,* Cetakan Pertama, Rajawali Pers, Jakarta, p. 159.

[8] Edward H, 2016, *Perimbangan Keuanganantara Pemerintah Pusat dengan Pemerintah Daerah dalam Pengelolaan Keuangan Daerah*, JurnalIlmu Pemerintahan Widyapraja, Vol XLII No.1

- According to Law No. 33/2004 and Government Regulation No. 55 of 2005 on Balance fund("Government Regulation No. 55/2005"), sources of regional revenue from the results of the financial balance are as follows:

The regional portion of land and building tax revenues, acquisition fees of rights on land and building, income tax Article 25, Article 29 on domestic personal taxpayers and Article 21 income tax, is further divided according to the balance as follows:

- revenue from land and building tax: 10% for the central government and 90% for the regional government (hereinafter to be divided into 16.2% between provinces, 64.8% for regency/city with 9% used for levies);
- revenue from acquisition fees of rights on land and building: 20% for the central government and 80% for the regional government (16% for the provincial government and 64% for regency/city government);
- revenue from income tax Article 25, Article 29 on domestic personal taxpayers and income tax Article 21: 20% for the regional government (60% out of 20% is submitted to be part of regency and city government, while 40% out of 20% is given to the provincial government).
- Revenue from several natural resources contained in a region consists of:
- revenue from Contribution of Forest Cultivation Right generated from the region concerned is divided by a balance of 20% for the central government while the remaining 80% for the regional government(with a breakdown of 16% for the provincial government and 64% for the producing regency/city);
- revenue from the Provision of Forest Resources where 20% for the central government and 80% for the regional government (the portion of this regional government (80%) will then be divided by a balance of 16% for the provincial government, 32% for the producing regency/city government, and the remaining 32% is distributed in the same portion for another regency/city government located in the relevant province);
- forestry revenue originating from a reforestation fund divided by a balance of 60% for the provincial government (nationally used for forest and land rehabilitation),while the remaining 40% for the regency/city government (used for forest and land rehabilitation activities in producing regency/city);
- revenue from general mining (landrent) fixed fees generated from the area of the region concerned divided by a balance of 20% for the central government and 80% for the regional government (with a breakdown of 16% for the provincial government and 64% for the producing regency/city);
- revenue from exploration mining fees and general exploitation mining fees (general mining royalty) in the amount of 20% for the central government and 80% for the regional government (the portion of this regional government (80%) will then be divided by a balance of 16% for the provincial government, 32% for the producing regency/city government, and the remaining 32% is distributed in the same portion for another regency/city government located in the relevant province);
- revenue from the fisheries sector consisting of fisheries business fees, and fisheries product fees that are divided by a balance of 20% for the central government and the remaining 80% distributed equally or in equal portions to all regency/city governments in Indonesia;
- revenue from the results of petroleum mining (after deducting it with the components of taxes and other levies as determined by the laws and regulations), divided by a balance of 84.5% for the central government and the remaining 15.5% for the regional government (with a breakdown of 3% for the provincial government, 6% for the producing regency/city government, 6% for another regency/city government located in the relevant province, and the remaining 0.5% are divided into 0.1% for the provincial government, 0.2% for the producing regency/city government, and the remaining 0.2% for all another regency/city government located in the relevant province;
- revenue from natural gas mining (after deducting it with tax component), divided by a balance of 69.5% for the central government and 30.5% for the regional government (the portion of the regional government is then distributed in the amount of 6% for the provincial government, 12% for the producing regency/city government, another 12% are divided equally for another regency/city government located in the relevant province,while the remaining 0.5% are divided into 0.17% for the relevant provincial government, and 0.33% foranother regency/city government located in the relevant province which is equally distributed; and
- revenue from the increase of geothermal generated from the relevant region which is a Non-Tax State Revenues consisting of government deposit, fixed contribution and production contribution, divided by a balance of 20% for the central government and the remaining 80% for the regional government (the portion of this regional government (80%) will then be divided by a balance of 16% for the provincial government, 32% for the producing regency/city government, and the remaining 32% is distributed in the same portion for another regency/city government located in the relevant province).

Basically, there is no fundamental change on the topic in concern based on the provisions regulated under Law No. 33/2004 and Government Regulation No. 55/2005 compared to the balanced finance provisions stipulated under Law No. 25/1999. However, there is a shift in the percentage of revenue sharing between the central government and regional government, and between provincial governments and regency/city governments within the province concerned. In addition, there is the inclusion of income tax revenue sharing Article 25, Article 29 on domestic personal taxpayers and income tax Article 21 in the latest law on balanced finance. Previously, the income tax revenue sharing was only included under the law regulated on income tax which is purely a central government tax. Thus, the impression on the assistance provided by the central government in the form of income tax revenue sharing collected by the central government to the regional government through its policy in the law on central tax will lose. The inclusion of income tax revenue sharing funds in the balanced finance law will further strengthen regional autonomy from the perspective of the balanced finance relationship between the central and regional

governments.[9] As the essence of Article 18 paragraph (2) and (5) of the 1945 Constitution, the regional government has the authority to regulate and manage their government affairs according to the autonomy and co-administration principles and is given the widest possible autonomy. Jimly Asshiddiqie[10]argues that the structure of government based on the article consists of levels that each have their autonomy, namely the central, provincial, and city or regency governments.
As a result, it becomes difficult to consolidate because each government organizational unit at each level is autonomous. The purpose of laying out authority in the implementation of regional autonomy is to encourage efforts to improve people's welfare, equity, justice, democratization, and respect for local culture as well as to maintain the potential and diversity of the region. The consequences arising from the legal relationship *(rechtsbetrekking*) between the central and regional governments based on regional autonomy and the principle of decentralization include three things, namely: (1) division of authority; (2) revenue sharing; and (3) division of regional government administration.[11] This article will analyze the issue in terms of regional finances and the balanced finance of the central and regional governments. The essence of the regional government administration is regulated based on the distribution of authority to realize government functions in the field of public services, development, empowerment, and security. The implementation of such functions requires adequate clarity of authority and maximum budget support. Therefore, at the implementation level, the distribution of authority carries consequences not only concerning the source of funding but also sources of income for regional income.

The implementation mechanism as explained in the above is the instrument used in the balanced finance of the central and regional governments with (1)balance fundis originated from SREB revenue allocated to the regions to finance regional needs in the context of implementing decentralization; (2) GAFis originated from the SREB and allocated with the aim of equitable inter-regional financial capacity to finance its expenditure needs in the context of implementing decentralization; (3) SAFis originated from the SREB and allocated to the regions to help finance certain needs; (4) SFis originated from natural resources and tax sharing; and (5) the regulation of financial relations between the central and regional governments through the Balanced Finance Fund of the Central and Regional Governments.

District/City Dependence in Implementing Regional Autonomy: So far, provinces, regencies, and cities in Indonesia still depend on their finances to the central government, whether in the form of GAF, SF, or SAF. GAF is originated from SREB revenue that is allocated with the aim of equal distribution of inter-regional financial capacity to fund regional needs in the context of the implementation of Decentralization. Whereas SAF is originated from SREB revenue allocated to certain regions in order to fund special activities that constitute government affairs which are the jurisdiction of the region. Furthermore, SFis originated from certain SREB revenue allocated to the producing region based on certain percentage points to reduce the inequality in financial capacity between the central and regional governments.[12] The autonomy principle implemented by the regionis based on the broadest possible autonomy as adhered to by Law No. 23/2014. Giving the broadest possible autonomy to the region is directed to accelerate the realization of people's welfare through improved services, empowerment, and community participation. With the existence of such autonomy in a strategic environment of globalization, the region is expected to increase competitiveness by paying attention to democracy, equity, justice, privilege, and specificity principles as well as the potential and diversity of the regions in Indonesia. Granting the broadest possible autonomy to the region is carried out based on the unitary state principle. In a unitary state, sovereignty is only in the state government or national government; therefore, there is no sovereignty in the region. As a consequence, no matter how much autonomy is given to the region, the final responsibility for the administration of the regional government will remain in the hand of the central government. For this reason, the regional government in a unitary state is a unity with the national government. Accordingly, policies made and implemented by the region are an integral part of national policies. The difference lies in how it utilizes the wisdom, potential, innovation, competitiveness, and creativity of the region to achieve these national goals at the regional level which in turn will support the achievement of national goals as a whole.[13] The establishment of law on balanced finance between the central and regional governmentswas intended to support funding for the transfer of functions to the regional government as regulated in the law on regional government. Such funding follows the money follows function principle which means that funding follows the functions of government which are the obligations and responsibilities of each level of government[14].

The government has three main functions, namely the distribution function, the stabilization function, and the allocation function. The distribution and stabilization functions are generally more effective and appropriate to be implemented by the government.Meanwhile, the allocation function by the regional government is more aware of the need, condition, and situation of the local community. The division of these three functions is very important as a basis in determining the basics of balanced finance between the central and regional governments. In the context of carrying out regional autonomy, transferring, delegating, and assigning government administration, those must be followed by the regulation, distribution, and fair use of national resources, including balanced finance between central and regional governments, that must be done with responsibility. As an autonomous region, the implementations of government and services are carried out based on the principles of transparency, participation, and accountability. There are two factors to assess the level of dependency of regencies/city in Bali on the central-balanced finance, namely:

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[9]Faisal Akbar Nasution, 2011, *Kebijakan Perimbangan Keuanganantara Pemerintah Pusat dan Daerah Pasca Reformasi*, *Jurnal Hukum*, Volume 18, Nomor 3, p. 397-400.

[10]Jimly Asshiddiqie, 2013, *Komentaratas Undang-Undang Dasar Negara Republik Indonesia Tahun 1945,* Sinar Grafika, Jakarta, p. 57.

[11]M. Arief Nasution, et.al, 2000, *Demokrasi dan Problema Otonomi Daerah,* Mandar Madju, Bandung, p. 78.

[12]Article 1 number 47, 48 and 49 Law No. 23/2014.

[13]Number 1 of General Elucidationof Law No. 23/2014.

[14]Number I elucidation of Law No. 33/2004.

First, as seen from the affairs that are the authority of regencies/city in Bali. Article 12 paragraph (1) of Law No. 23/2014 stipulates that Mandatory Government Affairs relating to Basic Services shall include (a) education; (b) health; (c) public works and spatial planning; (d) housing and residential areas; (e) peace, public order, and the protection of society; and (f) Social. Whereas paragraph (2) of Article 12 regulates thatMandatory Government Affairs are not related to the Basic Services shall include(a) workforce; (b) women's empowerment and children protection; (c) food; (d) land; (e) the environment; (f) population administration and civil registration; (g) community and village empowerment; (h) population control and family planning; (i) nexus; (j) communication and informatics; (k) cooperatives, small and medium businesses; (l) capital investment; (m) youth and sports; (n) statistics; (o) coding; (p) culture; (q) library; and (r)archival. Furthermore, Article 12 paragraph (3) governs that Government Affairs options referred to in Article 11 paragraph (1) shall include(a) marine and fisheries; (b) tourism; (c) agriculture; (d) forestry; (e) energy and Mineral Resources; (f) trade; (g) industrial; and (h) transmigration.

Second, as seen from the total ORR of regency/city in Bali and in Bali Province. The ORR of regencies/city in Bali, except Badung regency, is inversely proportional to the balance fund obtained from the central government. This ORR is often used as an indicator to measure the independence of a region in carrying out regional autonomy. Furthermore, the amount of balance fund obtained from the central government can be used as a parameter to measure the degree of regional autonomy and decentralization. The smaller the ORR indicates that the region is weak in terms of financial capability in autonomy. Conversely, if the ORR is large enough, the degree of autonomy is also quite high. Likewise, if the balance fund is large, the region concerned has a high level of dependency on the central government. Or conversely, the small amount of balance fund indicates that a region's ability in being autonomous is quite large. The central government hopes that the regency/city has sufficient sources of ORR; therefore, its dependence on the central government becomes small.

As an illustration, from ORR of regencies and city in Bali, only Badung regency has the highest source of ORR compared to other regencies and city. In 2016,ORR of Badung regency wasIDR 3,563,589,483,327.32 with a balance fund of IDR 512,066,239,004.00; therefore, the ratio was 14.37%. The percentage shows that Badung regency is already autonomous in autonomy with relatively low dependency on the central government. It is very different from Bangli regency whose ORRwas IDR 104,686,950,722.25 with a balance fund of IDR 848,537,158,000.00; therefore, the ratio was 810.54%. This percentage shows that Bangli regency had a very high dependency on the central government. As for other regencies/city in Bali, the percentages were almost the same.The average percentages were above 100% for the balance fund compared to the ORR. Successively in Denpasar city and Gianyar regency, the dependency rateswere not too high,the amount of balance fund in Denpasar city was around 114.40% and around 182.61% in Gianyar regency; hence, less than 200%. In addition to Badung as a regency that contributes the biggest tax in Bali, these two regions are the hotel and restaurant tax-producing regions that contribute also to big taxes for Bali.As for other regencies, the balance funds were quite high, ranging from above 400% to above 800% of its ORR. The figures on all regencies/city in Bali and the Provincial Government of Bali can be illustrated through a comparison diagram between the Balance fundand the ORR of regencies/city in Bali and the Provincial Government of Bali as follows:

Conclusion

There is ORRinequalityin the regencies/city revenue structure in Bali. This inequalitywill look even sharper in the future by considering that the largest source of regional income in Bali is only"controlled" by the Badung regency, Denpasar city, and Gianyar regency. Based on the comparison between the balance fund sourced from SREB andsourced fromORR for the regencies/city in Bali, it is noted that the fund originated from the central financial balance in the region is bigger than the ORR.

This indicates that the region still has a high dependency on the central government in obtaining funding for the implementation of regional autonomy. Therefore, to overcome the ORR inequality which has an impact on inter-regencies development in Bali, the regency with big income is obliged to help another regency with minimal income through inter-regencies financial assistance fund.

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