

SUMMARY

*(Study on Interaction of the Actors in Decision Making for Public Budgeting
in Administration of East Java Province)*

This research is intended to find out the political process in the public budgeting in Administration of East Java Province. This research applies the theories on public policy, public options, political economy, civil society and budgets by *Randall B. Ripley, Allend Drazen, Wildavsky, Rubins, and Mardiasmo*. Pursuant to its focus, this research uses the **Descriptive Method** to describe the condition of subject and object of research based on the visible facts and the facts as what they are (fact finding). The data are collected by using observation, interview and documentation techniques.

The conclusions obtained from this research are as follows: **First**, the institutional mechanism in the public budgeting is a process involving the *stakeholders*, therefore the policy produced constitutes the result of argumentation process among the parties concerned. Thus, it is quite understandable if it is only the power and (institutional) strata having the political access and capable of playing at the power circle who will obtain the accumulation of profits. In addition, the instruments applied as reference still adopts the previous regulations. The Administration of East Java Province has not yet fully implemented the Law No. 17 the year 2003 on the State Financing, the Law No. 25 the year 2004 on National Development Planning System, and also the Government Regulation No. 58 the year 2005 on Management of the Regional Finance. Consequently, up to this Fiscal Year 2006, the preparation of public budget in East Java Province is still in transitional period. **Second**, the interaction among actors involving in decision making for public budgeting still indicates the domination by the executives in the process of public budgeting (APBD = Regional Revenue and Expenditure Budget), Government interaction (executive and legislative), private sector and civil society in the process of formulating the public budgeting policy at the East Java Provincial Administration has not yet been optimum. The products of public budgeting policy are significantly determined by the elites involved in such process, in which the policy produced is significantly determined by the authority they have, the interests and the competition occurring among the parties proposing the budget plan, the party processing the proposals and the party legitimizing the policy formula, as well as the party receiving the profit or loss from such a policy.

Based on the aforesaid conclusions, some recommendations are proposed with the hope they will be useful to be applied as materials to be considered in the scheme of developing the discourse about the process in the public budgeting in the framework of implementing the *good governance* in East Java Province. **First**, institutionally the process of the public budgeting, especially at the era of autonomy at present, has a very strategic position. It determines not only allocation of the resources optimally, but further is also able to lead the way into fulfillment of real needs of the communities which finally come to the improvement of people living quality. It is for this reason that the involvement or synergy of the stakeholders

available at the regions are really much needed. Or, in other words, the Regional Government needs to open the opportunity for the other actors (in this respect the private sector, legislative, NGO, Press and the like) to take part in every available process of policy making, by directing it into the more democratic and more participatory process of policy making, so that the interaction established among the *stakeholders* will mutually influence each other for the achievement of joint interests. **Second**, the provision of instruments, procedures and work mechanism which are sufficient, simple and applicable and followed by improvement in substance of process and mechanism in planning and in the public budgeting process will enable us to achieve the principles of representative, transparency, accountability and the active role of communities as the actors of development. In this context, the Regional Government needs to issue regulations enabling the involvement of all *stakeholders* in formulating the strategic policies at the region, adjusted to the regional condition as well as to the community characters.

ABSTRAK

POLITIK PENYUSUNAN ANGGARAN PUBLIK

(Studi Interaksi Aktor-Aktor Dalam Pengambilan Keputusan Anggaran Publik Pada Pemerintah Propinsi Jawa Timur)

Penyusunan anggaran publik berkaitan dengan bagaimana mengalokasikan sumberdaya keuangan yang terbatas, seperti halnya kegiatan penyusunan anggaran publik ini bersifat teknis, akan tetapi dalam prakteknya tidak bisa sepenuhnya terlepas dari kepentingan-kepentingan politis. Karena penyusunan anggaran pada dasarnya merupakan upaya untuk mengalokasikan sumber-sumber dana yang terbatas di dalam berbagai alternatif kebijakan yang ada, yang harus diperhatikan adalah kesesuaian hubungan antara perencanaan dan penyusunan anggaran di dalam proses alokasi sumber-sumber dana, masalah akan muncul ketika perencanaan diperlukan untuk jangka waktu yang melebihi satu tahun fiskal. Dalam kondisi demikian perencanaan dan anggaran publik jelas harus dipisah secara tegas. Pemisahannya mencakup pembagian kewenangan pada tingkat pengambilan keputusan dan administrasi. Pada tingkat pengambilan keputusan, akan muncul perebutan kewenangan diantara eksekutif dan legislatif. Beberapa pakar berpendapat bahwa perencanaan sebaiknya dilakukan oleh eksekutif agar bisa dipastikan bahwa perencanaan yang disusun komprehensif dan konsisten. Sementara itu legislatif berwenang mengkaji perencanaan yang disusun eksekutif untuk kepentingan-kepentingan para konstituennya. Pada tingkat administrasi, kewenangan harus dibagi antara pengelola keuangan dan bagian perencanaan. Alokasi sumber-sumber biasanya menjadi kewenangan pengelola keuangan. Sementara itu bagian perencanaan tahu pasti bahwa tanpa kewenangan resmi untuk mengatur pengalokasian sumber-sumber dana, rencana-rencana yang disusunnya tidak akan lebih dari sekedar konsep-konsep diatas kertas saja.

Kata Kunci : Penyusunan Anggaran Publik, Interaksi Aktor-Aktor

ABSTRACT

THE POLITICS OF PUBLIC BUDGETING PROCESS

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Public budgeting process is related to the procedure on how to allocate the limited financial resources. Apparently, this public budgeting is under the technical nature, however in practice it is not fully freed from the political interests. Considering that the budgeting process basically constitutes the efforts to allocate the limited financial resources in various available policy alternatives, then the thing needs to be maintained and taken care of is the harmony in relation between the planning and the preparation of budget in the process of financial resources allocation. A problem will arise when a planning is required for the period exceeding one fiscal year. Under such a condition, the planning and public budgeting must be explicitly separated. The separation covers the distribution of authority at the levels of decision making and administration. At the level of decision making, there will be the authority struggle between the executive and legislative. Some experts are in the opinion that the planning should be better conducted by the executive in order to be able to confirm that the prepared plans are comprehensive and consistent. Meanwhile, the legislative is entitled to study or review the planning prepared by the executives for the benefits of their constituents. At the administrative level, the authority must be shared between the financial management and the planning. Resources allocation usually becomes the authority of the financial management. Meanwhile, the planing division should certainly know that without official authority to regulate the allocation of financial resources, the plans that they have prepared will not work and they are not more than just the concepts on the paper only.

Key-Words: *Public Budgeting Process, Interaction of the Actors.*