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**STRENGTHENING THE POLITICAL PARTY IN INDONESIA THROUGH
FUNDING FROM THE NATIONAL STATE BUDGET**

Satriawan, I. & Prasajo, B.P.***

Abstract

Minister of Home Affairs, Tjahjo Kumolo recently unveiled a plan to increase annual funding to a maximum of IDR 1 trillion (US\$76.75 million) for each political party, a plan that could be feasible within five years, after the 2019 elections. The increasing of state funding for political parties is expected to support political parties a pillar of democracy and repair the image of politicians. The support currently allocated by the state is about IDR 108 per-valid vote to every party, and cannot comply with the need of huge political cost of political parties. The research aims to assess whether the political party funding allocated by the Government through National State Budget may strengthen the political party. The research is doctrinal research which uses a qualitative method. This paper provides an in-depth analysis and a critical examination on political party in details pertaining to the role of the Political party in Indonesia, the needs to increase the government allocation, and the challenges of the increasing of the allocation. The result of research shows that the funding of the political party through the National State Budget may strengthen the political party in Indonesia. Besides allocating the National State Budget for funding the political party annually, Indonesia should also strengthen the supervision of political party in terms of the accountability of the use of fund in carrying out its functions annually. Political Parties should have a clear commitment, transparency of income and expenditure and there should be firm sanctions on the political party that violates the laws.

Key words: political party, funding, democratic practice, political corruption

* International Centre for Law and Sharia Studies, Faculty of Law, Universitas Muhammadiyah Yogyakarta, Ringroad Barat, Tamantirto, Kasihan Bantul, Yogyakarta, Indonesia, Email: satria@justice.com

** International Centre for Law and Sharia Studies, Faculty of Law, Universitas Muhammadiyah Yogyakarta, Ringroad Barat, Tamantirto, Kasihan Bantul, Yogyakarta, Indonesia, Email: baguspriyoprasajo2305@gmail.com

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1. Introduction

In Indonesian General Election 2014, political parties had spent very spectacular costs. Partai Demokrasi Indonesia Perjuangan spent around IDR 404 billion¹, Partai Nasional Demokrat spent IDR 225 billion², Partai Kebangkitan Bangsa spent IDR 61 billion³, Partai Keadilan Sejahtera with IDR 120 billion⁴, Partai Golongan Karya with IDR 402 billion⁵, Partai Gerakan Indonesia Raya with IDR 454 billion⁶, Partai Demokrat with IDR 307 billion⁷, Partai Amanat Nasional spent IDR 271 billion⁸, Partai Persatuan Pembangunan spent IDR 155 billion⁹, Partai Hati Nurani Rakyat spent IDR 362 billion¹⁰, Partai Bulan Bintang with the very small amount in around IDR 1,2 billion¹¹, and Partai Keadilan dan Persatuan

¹ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PDIP, downloaded in http://kpu.go.id/koleksigambar/4_PDIP_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:42 A.M.

² See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai Nasdem, downloaded in http://kpu.go.id/koleksigambar/1_PARTAI_NasDem_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:42 A.M.

³ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PKB, downloaded in http://kpu.go.id/koleksigambar/2_PKB_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:43 A.M.

⁴ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PKS, downloaded in http://kpu.go.id/koleksigambar/3_PKS_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:45 A.M.

⁵ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai Golkar, downloaded in http://kpu.go.id/koleksigambar/5_PARTAI_GOLKAR_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:47 A.M.

⁶ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai Gerindra, downloaded in [http://kpu.go.id/koleksigambar/6_PARTAI_GERINDRA_\(OK\)_1.pdf](http://kpu.go.id/koleksigambar/6_PARTAI_GERINDRA_(OK)_1.pdf), at Tuesday, 26 October 2015, 11:48 A.M.

⁷ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai Demokrat, downloaded in http://kpu.go.id/dmdocuments/07_PARTAI%20DEMOKRAT_DK9.pdf at Tuesday, 26 October 2015, 11:48 A.M.

⁸ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PAN, downloaded in http://kpu.go.id/koleksigambar/8_PAN_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:50 A.M.

⁹ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PPP, downloaded in http://kpu.go.id/koleksigambar/9_PPP_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:51 A.M.

¹⁰ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai Hanura, downloaded in http://kpu.go.id/koleksigambar/10_PARTAI_HANURA_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:52 A.M.

¹¹ See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PBB, downloaded in http://kpu.go.id/koleksigambar/14_PBB_%28OK%29.pdf, at Tuesday, 26 October 2015, 11:53 A.M.

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Indonesia spent IDR 8 billion¹². Those spectacular costs are wasted for participating in a General Election. The huge cost wasted is used for carrying out the activities of political parties, such as doing political campaign, political socialization and etc.

Political parties are pre-eminent institutions of modern democratic governance. The political parties play a central role in deepening and fostering democracy in both establishing as well as emerging democratic politics. This is aptly captured by the assertion that “*political parties created democracy and modern democracy is unthinkable save in terms of the political parties*”¹³. The relevance of political parties in the organization of modern politics and governance is not a recent phenomenon of contemporary societies. Political parties have been part and parcel of political organization since the creation of the nation state.

According to Diamond¹⁴, the importance of political parties lies in the functions they perform in modern democracies by linking citizens to government. In carrying out the tasks, the political party needs very huge funds. The funds, in dominant, are donated by the rich entrepreneurs, then the political party seems like “owned” by some people, and it will influence the objectivity and the performance of government, either when the candidates elected as the people representative or when the government want to make decisions and regulations. Not surprisingly, the policies, rules and products of elected officials seem "pro" to some interest groups. It becomes very ironic when Indonesia as the third largest democratic country in the world, after the USA and India, will disturb the democracy itself. One way to ensure the political party as the pillar of democracy still remained in its corridor is by realizing how political party may be supported by the government, so that the party can carry out its function as the commander of democracy. The support can be in the form of restructuring the financial system of the party, while the legal sources of the fund is restricted to avoid the conflict of interest, so that the interests from the party barons may not influence the neutrality of the Government as well. In that way that it may be done through political party funding from the National State Budget. Based on the background explained above, the

¹² See Hasil Audit Laporan Penerimaan dan Pengeluaran Partai Politik Peserta Pemilu 2014 Partai PKPI, downloaded in http://kpu.go.id/koleksigambar/15_PKPI_%28OK%29_.pdf, at Tuesday, 26 October 2015, 11:55 A.M.

¹³ Schattschneider, E.E. 1942. *Party Government*, New York: Holt, Rinehart and Winston. P.1.

¹⁴ Richard Joseph, R., 1997, *Democratization in Africa after 1989: Comparative and Theoretical Perspectives*, *Comparative Politics*, Vol. 29, No. 3, *Transitions to Democracy: A Special Issue in Memory of Dankwart A. Rustow*, Brill. P. 363-382.

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study will assess whether the idea of political party's funding from the National State Budget may strengthen the political party in performing its functions?

2. The Position of Political Party in Democratic System

Some conceptual works of scholars explicitly reviews the conceptual diversity of theoretical framing of democracy. Michael J. Sodaro, for example, defines democracy¹⁵ as: “*The essential idea of democracy is that the people have the right to determine who governs them. In most cases they elect the principal governing officials and hold them accountable for their actions. Democracies also impose legal limits on the government's authority by guaranteeing certain rights and freedoms to their citizens.*”

Some scholar argued that the political party shall become very fundamental pillar in running the democracy, as like Schattscheider quote in 1942, “*Political parties created democracy*”. Schattscheider also gives an addition, “*Modern democracy is unthinkable save in terms of the parties*”.¹⁶ It is also in line with the statement of Yves Meny and Andrew Knapp, “*A democratic system without political parties or with a single party is impossible or at any rate hard to imagine*”.¹⁷

According to Miriam Budiardjo, a political party has four functions, including:¹⁸

- a. political communication;
- b. political socialization;
- c. political recruitment; and
- d. conflict management.

In a general sense, political education is the way how a nation transferring political culture from generation to generation.¹⁹ The purpose of political education can be observed from several aspects. First, the purpose of political education, observed from the cognitive aspect, is to build the knowledge of citizens about the basic concepts of politics and government. Second, from the affective aspects, the purpose is to establish the character of citizens in favor of the democratization and self-identity as a sovereign people. Third, from

¹⁵ Sodaro, Michael J., 2004, *Comparative Politics: A Global Introduction*, New York: McGraw Hill. p.31.

¹⁶ Schattschneider, E.E., 1975, *The Semisovereign People: A Realist's View of Democracy in America*, Illionis: The Dryden Press Hinsdale. p.4.

¹⁷ Yves Meny and Andrew Knapp, 1968, *Government and Politics in Western Europe: Britain, France, Italy, Germany*, Third Edition, Oxford: Oxford University Press. p. 86.

¹⁸ Miriam Budiardjo, 2008, *Dasar-dasar Ilmu Politik*: Edisi Revisi, Jakarta: PT. Gramedia Pustaka Utama. pp. 163-164.

¹⁹ Panggelean. (1994). *Pendidikan Politik dan Kaderisasi Bangsa*. Jakarta : Sinar Harapan. p.64.

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the psychomotor aspect, the education is to build the intellectual and moral skills in creating a democratic Indonesia.

The other function of political parties is a means of political recruitment. Party is established to be a legitimate vehicle for selecting cadres at the level of head of state-level and a certain position. The last function of the parties is regulating and managing conflicts in society (as a means of conflict management). As a regulator and manager of the conflict, the party serves as a means of interest aggregation which distribute variety of different interests through institutional channels of party politics. Therefore, in the category made by Yves Meny and Andrew Knapp, conflict management functions can be associated with the integration function of political parties. Political parties aggregate and integrate diverse interests it by channeling their best to influence the policies of state politics.²⁰

3. The Current Issues of Political Party in Indonesia

The fund is still a major problem that hinders the implementation of the party functions optimally. Generally, in well-developed democratic countries, there are three policies to overcome the financial problems of political parties: (1) force the political parties to be transparent and accountable financial management; (2) limit the amount of donations to political parties, and; (3) provide financial assistance to political parties from the state budget, or financial subsidies to political parties.²¹

Financial assistance given by the Government to the party currently is only 1.32% of the total need for parties annually, calculated based on the needs of the middle-party PAN in 2014 with the need of £ 51.2 Billion per year. The amount of financial assistance of political parties of IDR 108 per vote is considered as too small by a political party. But the total need of the political party per-year has never been known, because the political parties have never opened in this matter.²²

²⁰ Meny dan Knapp, op cit.

²¹ Didik Supriyanto and Lia Wulandari, 2012, BANTUAN KEUANGAN PARTAI POLITIK: Metode Penetapan Besar, Transparansi, dan Akuntabilitas Pengelolaan, Jakarta: Yayasan PERLUDEM. p.

²² Siaran Pers Bantuan Keuangan Partai Politik 12 Maret 2015, accessed in http://www.perludem.org/index.php?option=com_k2&view=item&id=1944:siaran-pers-bantuan-keuangan-partai-politik-12-maret-2015&Itemid=128, at Sunday, 13 March 2016, 11:42 A.M.

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Table 1. Financial Assistance for Political Parties 2014 (Rp 108 per-vote)

Partai Politik	Jumlah Kursi	Jumlah Suara	Jumlah Subsidi (IDR)
PDIP	109	23.681.471	2.557.598.868,-
Partai Golkar	91	18.432.312	1.990.689.696,-
Partai Gerindra	73	14.760.371	1.594.120.068,-
Partai Demokrat	61	12.728.913	1.374.722.604,-
PAN	49	9.481.913	1.024.015.068,-
PKB	47	11.298.957	1.220.287.356,-
PKS	40	8.480.204	915.862.032,-
PPP	39	8.157.488	881.088.704,-
Nasdem	35	8.402.812	907.503.696,-
Hanura	16	6.579.498	710.585.784,-
Jumlah			13.176.393.876,-

Source: Ministry of Home Affairs Office

As the election machine, the main function of a political party is tryig to win the votes as much as possible. But in carrying out this function, political parties face a difficult situation, because to win the election they need a lot of money. Yet at the same time the party will be diminishing membership dues. To deal with this problem, political parties have to look for donations. However, because of the number of members who are able to contribute are limited, political parties received donations from individuals and non-members. Finally, in order to meet the growing need of political parties receiving donations from legal entities, particularly business institutions or companies.²³

²³ Richard Katz and Peter Mair, 1994, How Party Organize: Change and Adaption in Party Organization in Western Democracies, London: Sage Publication.

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Moreover, the political parties ignore the principle of transparency and accountability in financial management of political parties. The law – which is made by the cadres of political parties in the parliament and government – has not been set completely. As a result, data in October 2014, shows that public trust to political parties and the House of Representatives is in the range of 40 percent.²⁴ The negative perception of this community seems to correlate with what was envisaged and visible to the public on the behavior or information to the public about the political parties and politicians.

Indonesian Corruption Watch (ICW) highlighted the openness of political parties in financial governance as an acute problem in the management of central and local level. The political parties do not show the financial statements are usually due to non-cadre contributors, who want his identity disclosed because they usually do not just donate money to one party. The fundamental problem of financial information disclosure political parties also appear from nothing official information and documentation (PPID) owned by political parties.²⁵

4. The Comparative Survey

In facing the party's dilemma situation described above, since the 1970s gradually, the countries of Western Europe apply two policies: first, to restrict individual and company donations to political parties; second, provide financial assistance or financial subsidies to political parties, both for operational activities of political parties, and campaign activities. In order for the policy was running well, the political parties are required to make annual financial reports of political parties and campaign finance reports after the election is finished. Both reports are an instrument to force the political parties to uphold the principles of transparency and accountability in financial management of political parties.²⁶

In analyzing how to strengthen democracy and political parties in Indonesia, Indonesia can review and make a comparative study with the countries that have managed to improve the quality of democracy through the funding of political parties by the state budget, namely Federal Republic of Germany.

²⁴ Parpol dan Persepsi Publik, accessed in <http://nasional.kompas.com/read/2015/04/11/15150041/Parpol.dan.Persepsi.Publik>, at Sunday, 13 March 2016, 11:49 A.M.

²⁵ Ibid.

²⁶ Ingrid van Biezen, 2003, *Financing Political Parties and Election Campaigns Guideline*, Strasbourg: Council of Europe Publishing.

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In Germany, political parties receive considerable public support. The basis for this support lies in the Constitution of the Federal Republic of Germany where parties are defined as central institutions of a democratic political system. The party's internal organization shall conform to democratic principles. Parties shall publicly account for the sources and the use of their funds and for the assets.²⁷

The present form of party finance is governed by the amendment of the Law on Parties in 1994. This legislation stipulates the following: Each party which obtained more than 0.5% of the votes in the last elections to the European Parliament or to the German Bundestag or more than 1% of the votes in elections to the parliaments of the states (Bundesländer) is entitled to state funding.²⁸ These public funds may, however, not exceed 50% of the party's total income. State funds are paid on an annual basis and there are two decisive factors that determine the calculation of the amount granted:²⁹

- i. The average of votes obtained in the last three elections; for each vote obtained, the parties receive 0.85 € (59p) per year up to the first 4 million of votes and 0.70 € (48 p) for each additional vote.
- ii. A complementation of other party income (from member contributions, donations, contributions payable by MPs) at a ratio of 0.38 € (26 p) state finance to 1 € of own income.

This price index shall be based, with a weighting factor of 70 percent, on the general consumer price index and, with 30 percent, on the standard monthly salaries of employees of central, regional and local governments.³⁰ The burden placed on the taxpayer by this system is rather limited: Since the mid of 1990s an upper limit of € 133m³¹ has been imposed on the total amount of public party funding; this equals an annual sum of 1.66 € (1.115 £) per German citizen.

²⁷ Article 21 (Political Parties) Par. 1, Germany Basic Law

²⁸ Ernst Hillebrand, 2006, State Funding for Political Parties in Germany: A Brief Overview, London: Friedrich Ebert Stiftung, p.1.

²⁹ Article 18 (3) of Political Parties Act 1992

³⁰ Article 18 (6) of Political Parties Act 1992

³¹ Article 18 (2) of Political Parties Act 1992

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In 2004, the major German parties received the following subsidies from public sources.³²

Parties	Subsidies
CDU/CSU	€ 55.8m (£ 38.7m)
SPD	€ 43.77m (£ 30.3m)
Liberals (FDP)	€ 9.6m (£ 6.7m)
Green Party	€ 9.55m (£6.6m)
Left Party	€ 8.52m. (£ 5.9m)

The funding shall be paid in installments on the amount to be determined by the President of the German Bundestag. Such payments shall be calculated on the basis of the amounts allocated to each party in the previous year. The installment shall be paid on 15 February, 15 May, 15 August and 15 November.³³ At the end of the calendar year (accounting year), the party's Executive Committee shall, truthfully and to the best of its knowledge and belief, publicly account for the origin and use of funds and the party's assets in a statement of accounts.³⁴

Their statements of accounts shall be signed by the chairperson and an Executive Committee member responsible for financial matters and elected by the party convention, or by an Executive Committee member elected by a body responsible, under the statutes, for the party's financial matters. These Executive Committee members shall, by their signature, affirm that the information in their statements of accounts has been given truthfully and to the best of their knowledge and belief.³⁵

The statement of accounts must be audited by a certified auditor or an auditing firm in accordance with the provisions of the Political Parties Act. If the President of the German Bundestag has concrete evidence that any information contained in a party's statement of accounts is inaccurate, he/she shall give the party concerned an opportunity to comment. The

³² Ernst Hillebrand, *Op. Cit.* p. 2.

³³ Section 20 (1) of Political Parties Act 1992

³⁴ Section 23 (1) of Political Parties Act 1992

³⁵ *Ibid.*

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President may require the political party to have its certified auditor or auditing firm, its sworn accountant or accountancy firm confirm that its comments are correct.³⁶ The political party shall permit the certified auditor appointed by the President of the German Bundestag to access and inspect the records and supporting documents required for the audit.³⁷

If a statement of accounts contains inaccuracies, the political party concerned shall correct that statement and, as decided by the President of the German Bundestag, shall resubmit part or all of its statement of accounts. This resubmitted statement must be confirmed by an audit certificate issued by a certified auditor or an auditing firm, a sworn accountant or an accountancy firm.³⁸ The statement of accounts shall consist of an accountancy summary prepared on the basis of an income/expenditure tabulation complying with the provisions of the present Act, a related asset and liability statement, and an explanatory part. The statement of accounts shall provide information on the origin and use of funds and on the party's assets.³⁹

All items of income shall be entered in full in the appropriate place and shall be included in the asset and liability statement. Income accounting shall cover:⁴⁰

- i. membership dues;
- ii. contributions paid by elected office-holders and similar regular contributions;
- iii. donations from natural persons;
- iv. donations from legal persons;
- v. income from business activities and participating interests in companies;
- vi. income from other assets;
- vii. receipts from organized events, distribution of printed material and publications and from other income-yielding activities;
- viii. public funds;
- ix. any other receipts;
- x. grants received from party branches; and
- xi. total income, as an aggregate of nos. 1 to 10.

³⁶ Section 23 (2) of Political Parties Act 1992

³⁷ Section 23 (3) of Political Parties Act 1992

³⁸ Section 23 (5) of Political Parties Act 1992

³⁹ Section 24 (1) of Political Parties Act 1992

⁴⁰ Section 24 (4) of Political Parties Act 1992

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Expenditure accounting shall cover:⁴¹

- a. personnel-related expenditure;
- b. operating expenditure
 - i. on day-to-day business,
 - ii. on general political work,
 - iii. on election campaigns,
 - iv. on asset management, including any interest accruing therefrom,
 - v. other interest,
 - vi. other expenses;
- c. grants payable to party branches; and
- d. total expenditure, as an aggregate of no. 1 to 3.

The asset and liability statement shall cover:⁴²

- 1. assets owned:
 - A. capital assets:
 - I. tangible assets:
 - 1. real estate,
 - 2. branch office furnishings and equipment,
 - II. financial assets:
 - 1. participating interests in companies,
 - 2. other financial investments;
 - B. working assets:
 - I. receivables from party branches,
 - II. amounts receivable under state-provided partial funding,
 - III. money holdings,
 - IV. other types of assets;
- C. total of assets owned (sum of A and B);
- 2. accounts payable:
 - A. reserve funds:

⁴¹ Section 24 (5) of Political Parties Act 1992

⁴² Section 24 (6) of Political Parties Act 1992

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- I. reserves for pensions,
- II. other reserves/provisions;
- B. liabilities:
 - I. amounts owed to party branches,
 - II. repayment obligations with regard to state-provided partial funding,
 - III. amounts owed to credit institutions,
 - IV. amounts owed to other lenders,
 - V. other liabilities;
- C. total debits (sum of A and B);
3. Net assets (positive or negative).

An explanatory part shall be appended to the asset and liability statement which must cover the following items, in particular:⁴³

- a. A list of the participating interests in companies including the following information for each case: name and address, the share and the amount of the nominal capital and, in addition, the share in the capital, the equity capital, and the results recorded by these companies during the last business year for which an annual financial statement has been prepared.
- b. Designation of the main products of media enterprises if the respective political party has any participating interests in such enterprises;
- c. At five-year intervals, a valuation of the real estate property and of the participating interests in enterprises as stipulated in the Property Valuation Act.

The sum of contributions made by natural persons up to the amount of 3,300 euros per person and the sum of those contributions by natural persons which exceed the amount of 3,300 euros shall be shown separately in the statement of accounts.⁴⁴ The statement of accounts shall be preceded by a summary as follows:⁴⁵

- A. receipts by the political party as a whole as listed, and the total income;
- B. expenditure by the political party as a whole as listed, and total expenditures;

⁴³ Section 24 (7) of Political Parties Act 1992

⁴⁴ Section 24 (8) of Political Parties Act 1992

⁴⁵ Section 24 (9) of Political Parties Act 1992

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- C. indication of surpluses or deficits;
- D. assets owned by the political party as a whole as listed, and their total;
- E. debits of the political party as a whole as listed, and their total;
- F. net assets of the political party as a whole (positive or negative);
- G. total income, total expenditure, surpluses or deficits, and the net assets of the three organizational tiers: national-level [“federal”] branch, Land branches and their subordinate regional/local branches.

The number of members as of 31 December of the accounting year shall be indicated.⁴⁶ Political parties are entitled to accept donations. Donations of up to 1,000 euros may be made in cash. Party members who receive donations on behalf of their party shall immediately pass them on to an Executive Committee member who, under the party statutes, is responsible for the party’s financial matters.⁴⁷

The following shall be excluded from the right of political parties to accept donations:⁴⁸

- i. donations from public corporations, parliamentary parties and groups and from parliamentary groups of municipal councils (local assemblies);
- ii. donations from political foundations, corporate entities, associations of persons and from estates which under the statutes, the foundation charter or other dispositions governing the constitution of such entities, and by the actual business conducted by such entities, are exclusively and directly intended for non-profit, charitable or church purposes;
- iii. donations from sources outside the territorial scope of this Act unless:
 - a. these donations accrue directly to a political party from the assets of a German as defined by the Basic Law, of a citizen of the European Union, or of a business enterprise, of whose shares more than 50 per cent are owned by Germans as defined by the Basic Law or by a citizen of the European Union or whose registered office is located in a Member State of the European Union;

⁴⁶ Section 24 (10) of Political Parties Act 1992

⁴⁷ Section 25 (1) of Political Parties Act 1992

⁴⁸ Section 25 (2) of Political Parties Act 1992

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- b. they are donations transferred to parties of national minorities in their traditional settlement areas from countries which are adjacent to the Federal Republic of Germany and where members of their ethnic group live; or
- c. it is a donation not exceeding 1,000 euros made by a foreigner;
- iv. donations from professional organizations, which were made to the latter subject to the proviso that such funds be passed on to a political party;
- v. donations from enterprises that are fully or partly in public ownership or are managed or operated by public agencies if the state's direct participation amounts to more than 25 per cent;
- vi. any donations exceeding 500 euros each, which are made by an unidentified donor or which evidently are passed on as a donation by unnamed third parties;
- vii. donations evidently made in the expectation of, or in return for, some specific financial or political advantage;
- viii. donations solicited by a third party against a fee to be paid by the political party and amounting to more than 25 per cent of the value of the solicited donation.

Single donations in excess of 50,000 euros shall be reported immediately to the President of the German *Bundestag*. The latter shall in a timely manner publish the donation, together with the donor's name, as a *Bundestag* printed paper.⁴⁹ Beside the donations from person, there is also membership dues which shall only be those regular money payments that a member makes in accordance with the pertinent provisions of the party statutes. Contributions paid by elected representatives shall be regular money payments made by a holder of an elected public office (elected representative/official) in addition to his/her membership dues.⁵⁰

The audit shall apply to the party's national-level ["federal"] branch, its Land branches and to at least ten lower-level regional/local branches as selected by the auditor. The audit shall verify compliance with the relevant legal provisions. The audit method used shall be aimed at ensuring that inaccuracies and infringements of legal provisions will be detected if the audit is performed with due professional care.⁵¹

⁴⁹ Section 25 (3) of Political Parties Act 1992

⁵⁰ Section 27 (1) of Political Parties Act 1992

⁵¹ Section 29 (1) of Political Parties Act 1992

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The auditor may require the Executive Committees and the persons duly authorized by them to furnish clarifying information and documentary proof needed for diligent performance of his/ her auditing duty. To this end, the auditor shall also be allowed to examine the records used for compiling a statement of accounts, the accounting books and written documents as well as the cash holdings and existing assets.⁵²

The auditor shall confirm by means of a certificate that, as established by an audit properly performed to the extent required and based on the party's account books and documents and on the clarifying information and documentary proof furnished by the Executive Committees, the statement of accounts complies with the provisions of the present Act.⁵³

A certified auditor or sworn accountant may not be an auditor if he/she:⁵⁴

- i. holds an office or discharges a function within or for the given political party or has performed such duties of an office or such a function during the past three years;
- ii. has, in addition to his/her auditing duties, also taken part in bookkeeping or in the drafting of the statement of accounts submitted for auditing;
- iii. is a legal representative, an employee, a member of the supervisory board or a partner of a legal or natural person or of a partnership, or the owner of an enterprise if such legal or natural person or partnership or one of its partners or the enterprise concerned is not allowed, under number 2, to be the auditor for that political party;
- iv. employs a person for the audit who, under numbers 1 to 3 above, is not allowed to be an auditor

In Germany, when the parties do not obey the rule of the political parties funding, either administratively or technically, will arise the sanction both in administrative and criminal for the forbidden action. In administrative matters, there will be sanction for the following actions:

- i. If contributions and donations were untruthfully stated in the statement of accounts and, as a result, the amount of public funds to be allotted to the political party was wrongly determined, the President of the German Bundestag shall revoke the decision made pursuant

⁵² Section 29 (2) of Political Parties Act 1992

⁵³ Section 30 (2) of Political Parties Act 1992

⁵⁴ Section 31 (1) of Political Parties Act 1992

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to Section 19a paragraph 1 on the amount of public funds to be disbursed.⁵⁵ In the revocation notice, the President of the German Bundestag shall, by an administrative act, set the amount to be reimbursed by the political party⁵⁶;

- ii. If the President of the German Bundestag detects inaccuracies in the statement of accounts, the political party shall be liable to pay twice the amount of the wrongly stated sum. If inaccuracies in the asset and liability statement or in the explanatory part refer to real assets or to participating interests in companies, the party's liability shall amount to 10 per cent of the value of the assets not included or listed inaccurately. The President shall determine the party's liability to pay the respective amount by an administrative act⁵⁷;
- iii. A political party which, in contravention of Section 25 paragraph 2, has accepted donations and not remitted them to the President of the German Bundestag shall be liable to pay three times the amount of the illegally obtained sum of money; donations already remitted shall be deducted from the payable amount. A party which fails to publish donations in its statement of accounts in accordance with the provisions of the parties' act shall be liable to pay twice the amount of the sum not disclosed as prescribed by the present Act. The President shall, by an administrative act, determine the party's liability to pay the respective amount.⁵⁸ By agreement with the Presidium of the German Bundestag, the President of the German Bundestag shall, at the beginning of the following calendar year, transfer the funds received within a calendar year to institutions serving charitable, church, religious or scientific purposes.

Furthermore, the act regulates that:

1. whosoever, with the intent of concealing the origin or the use of the party's funds or assets or evading the obligation to render public account:
 - a. causes inaccurate data on the party's income or assets to be included in a statement of accounts submitted to the President of the German *Bundestag*, or submits an inaccurate statement of accounts to the President of the German *Bundestag*; or

⁵⁵ Section 31a (1) of Political Parties Act 1992

⁵⁶ Section 31a (3) of Political Parties Act 1992

⁵⁷ Section 31b of Political Parties Act 1992

⁵⁸ Article 31c (1) of Political Parties Act 1992

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b. as a recipient, divides a donation into smaller amounts and enters them into the books or has them posted by others; or

c. in violation of Section 25 paragraph 1, 3rd sentence, does not remit a donation; shall be liable to imprisonment of up to three years or to a fine. No one shall be subject to a penalty as stipulated under the 1st sentence of this paragraph if, under the conditions set forth in Section 23b paragraph 2, they report the fact on behalf of the party pursuant to Section 23b paragraph 1 or help to report the fact.⁵⁹

2. Whosoever, as an auditor or an auditor's assistant, gives a false report on the result of the audit of a statement of accounts, fails to disclose relevant facts in the audit report or issues an audit certificate containing false information shall be liable to imprisonment of up to three years or to a fine. If offenders act against payment or with the intent of enriching themselves or a third person or of harming another person, the penalty shall be imprisonment of up to five years or a fine.⁶⁰

5.The Role of the National State Budget in Strengthening the Political Party

Law No. 2 of 2011 on Political Parties states that the financial resources of a political party comprised of three sources, namely membership dues, donations and subsidies from the lawful state and local budgets. Donations legitimate given by various entities - which incidentally is a great company - are likely to contribute to the purpose can perform the control of the government, thus simplifying the acquisition of resource-rich under the control of state-owned enterprises to be taken advantage personally and enrich themselves at the expense of people and the quality of governance ,

This is what should be avoided by Indonesia to prevent the entry of interest groups that destroy and degrade the quality of democracy in Indonesia. One way to overcome this problem is to maximize other sources of funding and reinforce the filter influx of illegal funds. Maximizing the role and functions of the state budget is an alternative way that can be done after looking at other countries that have successfully improved the quality of democracy by maximizing state funds. There are several reasons why the budget to alternative sources of funds both for the strengthening of political parties.

⁵⁹ Article 31d (1) of Political Parties Act 1992

⁶⁰ Article 31d (2) of Political Parties Act 1992

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In consideration of Law No. 3 Year 2015 on State Budget Amendment 2015 (a) stated "Budget of the State prepared according to the needs governance management, in order to achieve Indonesia that is safe and peaceful, fair and democratic, improving people's welfare and balancing progress and national economic unity."

In its consideration, the budget is drawn up in line with the needs of state administration. Implementation of democratic state within the meaning of Article 1 (2) UUD 1945 has made implications that the elections and the party system as one of the characteristics of a democratic state should be one of the priorities in the administration of the state. Therefore, the shape of the state administration should be one of his priorities is to finance (although partial) political party in Indonesia. The political party that creates democracy, and if the main pillars of democracy is brittle without reinforcement through funding from the greatest financial resources in the country, then democracy in Indonesia would be crippled.

In its objectives, the state budget is intended to achieve Indonesia that is safe, fair and democratic, and improve the welfare of society and maintain the balance of the Indonesian economy. According to Marcus, there is a correlation between the levels of corruption with the issue of party funding. Corruption begins lot of fundraising for party funding.⁶¹ If the party funding system remains in use, the tendency for corruption also survives and rises without insurmountable.

In line with point (a) consideration of the Political Parties Act No. 2 of 2011 that, "In order to strengthen democracy and the implementation of an effective party system in accordance with the mandate of the Constitution of the Republic of Indonesia of 1945, required strengthening the institution of and improving the function and role of Political Parties. Funding is intended to strengthen political party funding to perform its functions, which can become a tool of repairing and strengthening the institution of political parties become the party with good quality and effective, a strong institutional and clean, good recruitment tool, able to carry out the mandate of democracy with more wise and mature, fostering cadres which could lead to a better Indonesia.

⁶¹ The view was conveyed by the Political Researchers from the Australian National University, Marcus Meitzner, while giving his advice to the Ministry of Home Affairs in Jakarta, Monday, April 27th 2015, accessed in <http://politik.news.viva.co.id/news/read/619138-berapa-angka-ideal-dana-parpol-dari-apbn->, at Sunday, 13 March 2016, 11:56 A.M.

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The form of strengthening and funding to political parties that will be implemented by Indonesia could be modeled on the political party management methods has applied in Germany. First, the number of allocation of funds are in the range 1/3 of the needs of political parties per year, which amount is determined based on the number of votes the party obtained at the national level and the price per vote is determined based on the national minimum wage. The partial funding system also enhance the independence of political parties in the process and encourage the parties to be able to maximize other funding sources without relying entirely on a single funding source.

There are some steps that must be done by Indonesia to increase funding for political parties is as follows: Changing the formula for determining the price of a vote and make the Minimum Wage as Benchmark: vote for better pricing associated with the unit which is already familiar economic calculation, so that it can be accepted by common sense. In some countries, the pricing of voice using the minimum wage is a benchmark. Because the minimum wage may change each year and are different in each region, then the price of a vote could change every year and are different in each region.

Application of the principle of transparency requires that political parties are open to all political party financial management processes. There are obligations that must be run by a political party, such as opening the list of contributors and financial reports on a regular basis that record all income and expenditure of political parties throughout the year. The purpose of opening the list of contributors and financial reports to the public is to examine the principle of accountability that ensures the responsibility of political parties in the process of receiving and spending of political party funding is rational ethically and do not break the rules.

6. Conclusion

Based on the analysis above, the research concluded that the funding of the political party through the National State Budget may strengthen the political party in Indonesia. This implication can be seen in countries that in advance implemented a system of funding the political parties, namely the Federal Republic of Germany. Germany has successfully helped political parties to function properly through state subsidies, and helped to avoid the inclusion of the interests of groups and become independent party.

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Besides allocating the National State Budget for funding the political party annually, Indonesia should also strengthen the supervision of political party in terms of the accountability of the use of fund spent over the party in carrying out its functions annually. Parties should clearly commit transparency of income and expenditure spent by the parties per year in complete, and apply firm sanctions on the party that violates, both administrative and criminal.

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