

## E-GOVERNMENT IN OPTIMIZING NON-TAX REVENUE OF THE MINING SECTOR IN INDONESIA

*Abstract: This research purpose to analyze the strategic and technical to encourage the potential of Regional Contribution of Non-Tax State Revenues (PNBP) of the mining sector is still not optimal in Indonesia given the existing number of inhibiting factors, such as corruption loophole, non-compliance, and inefficiency throughout the mining cycle. Whereas, several demands have raised by the community in mining governance, such as better government services, the need for flexibility and accuracy in formulating policies, and the need for improving the information technology of the PNBP management system. Based on the literature review using centralization and decentralization theory, two conclusions are produced. First, PNBP governance in the mining sector has not implemented e-government in integrating the central government, regional/local governments, Mining Business Permit holders, and competence stakeholders. Second, the e-government implementation should reflect public participation, transparency, and accountability at every stage of mining activities in overcoming the supervision weaknesses and the existing regulatory gaps that have caused the non-optimal of PNBP of the mining sector.*

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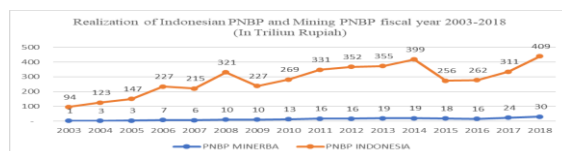
*Keywords: e-government, non-tax revenue, mining sector.*

Abstrak: Penelitian ini bertujuan untuk menganalisis strategi dan teknis untuk mendorong potensi Kontribusi Daerah Pendapatan Negara Bukan Pajak (PNBP) sektor pertambangan masih belum optimal di Indonesia mengingat banyaknya faktor penghambat yang ada, seperti celah korupsi, non-kepatuhan, dan inefisiensi sepanjang siklus penambangan. Padahal, beberapa tuntutan masyarakat dalam tata kelola pertambangan, seperti pelayanan pemerintah yang lebih baik, perlunya fleksibilitas dan ketepatan dalam perumusan kebijakan, serta perlunya peningkatan teknologi informasi sistem pengelolaan PNBP. Berdasarkan tinjauan pustaka dengan menggunakan teori sentralisasi dan desentralisasi, dihasilkan dua kesimpulan. Pertama, tata kelola PNBP di sektor pertambangan belum menerapkan e-government dalam mengintegrasikan pemerintah pusat, pemerintah daerah / daerah, pemegang Izin Usaha Pertambangan, dan pemangku kepentingan yang kompeten. Kedua, implementasi e-government harus mencerminkan partisipasi publik, transparansi, dan akuntabilitas di setiap tahapan kegiatan pertambangan dalam mengatasi kelemahan pengawasan dan kesenjangan regulasi yang ada yang menyebabkan PNBP sektor pertambangan tidak optimal.

Kata Kunci: e-government, penerimaan bukan pajak, sektor pertambangan.

## 1. Introduction

Non-Tax State Revenues (PNBP) as a supporting element of the State Budget (APBN) have fluctuated but are still in a positive corridor since the enactment of Law Number 20 of 1997 concerning Non-Tax State Revenues as amended by Law Number 9 of 2018. One of supporting PNBP in Indonesia comes from Minerba / Mining (Minerals and Coal) which always contributes to an increase in non-tax state revenue. The realization of Indonesian PNBP and Mining PNBP can be seen in the following table (Indonesia, 2003-2018):



Source:

Although Mining PNBP always provides increased state revenue, it currently faces huge challenges given the results of discussions and research by The World Bank and the Ministry of Finance of the Republic of Indonesia which found that the cause of the low amount of Indonesian state revenue from the mining sector cannot be separated from the still presence loopholes of leakage, non-compliance, and inefficiency (Pramugar *et al.*, 2020), the rise of public demand for better government services, the need for flexibility and accuracy in formulating policies in the PNBP field and the need for development and improvement of internet-based PNBP management systems and information and communication technology (ICT). The use of the internet and ICT has greatly reduced the cost of collecting, distributing, and accessing information in government as it appears that its manifestations in the form of using e-government tend to aim for greater access to information and to promote the goals of transparency, accountability, and also offer ways to integrate direct community

involvement and participation (Bertot, Jaeger & Grimes, 2012).

The existence of the internet and the latest information system as an e-Government system should be adopted by every government agency in operating and providing better services to the public (Santa, MacDonald & Ferrer, 2019) including government agencies related to the mining sector to deal with leaks and non-compliance in Mining PNBP management. Therefore, in this study there are two problem formulations that need to be answered. First, how is the implementation of e-government in managing the mining sector PNBP in Indonesia today? Second, what is the ideal way for e-government to overcome the weaknesses of oversight and regulatory gaps that lead to the non-optimization of the mining sector PNBP?

## 2. Literature Review

The use of ICT to facilitate interaction between public authorities, citizens/individuals, businesses, or organizations in the form of e-government is needed in the management of PNBP in Indonesia given that there are so many problems and reports that must be very selective to be handled by the government (Reitz, 2006). Furthermore, the Idea of Wirtz and Daiser (2017) which states that although the definition of e-government has been directed towards the same point, that is, which sees e-government as digitizing the existing bureaucratic process and as a tool for providing information and services to citizens who closely with participation, development and democratic mechanisms, but e-government must also be seen as a transformation of the e-business model to the public sector and in terms of how the government operates based on the minimum and maximum range in 3 (three) scopes, that are the scope, subject, and technology. The scope of e-government is in the minimum range of information and service delivery while the maximum range is in the enabler for e-democracy, while the minimum range of e-government subjects is citizen while the

maximum range is all public sector stakeholders, and the minimum range of technology e-government is a computer and web presence while the maximum range is the internet.

Even though one important aspect of e-government is its potential to improve democratic governance, in certain cases it is still necessary to discuss the issue of setting reasonable limits for governmental electronic control authorities (Reitz, 2006). That is, considering the definition of e-government which is 'the process of public administration innovation to achieve innovative forms of governance and governance through the use of ICT' (Savoldelli, Codagnone & Misuraca, 2014), it is necessary to analyze the evolution of technology use in the direction of "hybridism", as Rivera (1982) argues that hybridism in technology is a form of collaboration between a centralized system and decentralization. So it is possible for the two movements to occur simultaneously, where some functions can be transferred to a superior level of hierarchy while others are transferred to a lower level, considering that the occurrence of centralization and decentralization cannot be separated from the function of the way business, society, groups, or countries that are organizationally typical in a hierarchical sense from the point of decision making during the decision making process.

Then, in order to improve democratic governance and electronic management authority run by the government realized in the management of Mining PNBPN which currently has many shortcomings in Indonesia so as to make money coming into the state treasury not optimal, it is necessary to dissect the existing problems by using the limitation of the theory of centralization and decentralization theory in applying e-government in the mining sector. There are several thoughts about centralization and decentralization in terms of policy decisions made and carried out directly by the leaders who are elements in the center of government, institutions that work for national interests whose national jurisdiction, and in national applicable law. Rivera (1982) defines centralization as the transfer of functions from a sub-position to a superior

position, while decentralization as a transfer of functions from a superior position to a lower position, so that centralization and decentralization are always relative to the organizational or group structure in which they occur.

Webber suggested that centralization is the main principle in the country with the person who to be responsible, direction, command and source of power (Mardiasmo, 2002). Kelsen (2006) also argues that centralization is a state in a country where the policy making process and its implementation take place at the top of the hierarchy in the state (government), as the full citation states that "the conception of a centralized legal order implies that all its norms are valid throughout the whole territory over which it extends; this means that all its norms have the same territorial sphere of validity". In addition to an understanding of centralization, Kelsen (2006) also argues that decentralization is a condition in a country where the process of policy making and its implementation takes place throughout the country (beyond the hierarchy in the central government), as the full affirmation states that "consists of norms that have different territorial spheres of validity" and "the statement that the state is decentralized or that the territory of the state is divided into territorial sub divisions means that the nasional legal order contains not only centra but also local norm". Maddick (1963) interpreted decentralization as "the legal conferring of powers to discharge specified or residual functions upon formally constituted local authorities", later Rondinelli, Nellis dan Cheema (1983) explain the decentralization is a "the creation or strengthening -financially or legally- of sub national units of government, the activities of which are substantially outside the direct control of central government". The relation between centralization and decentralization is implied on the principle of autonomy which, according to Law Number 23 of 2014 confirms that decentralization has implications in the form of autonomy for the administration of government in the local community level, which means that's decentralization can not take place without centralization.

### 3. Research Method

This descriptive study uses an interdisciplinary approach in answering the formulation of existing problems, that is the linkage of economic law with social science and technology. Considering the purpose of this research is to get suggestions in overcoming the problems raised in the research (prescriptive) and to assess the programs that are run (evaluative) (Soekanto, 2010), this research will use secondary data (library research) obtained of the three legal materials, which is primary material (which is legal material that is authoritative means to have authority, such as the 1945 Constitution of the Republic of Indonesia (1945 Constitution) and related laws and regulations), secondary (which is legal material that provides an explanation of primary legal materials, such as textbooks, opinions of legal experts, articles, seminar results, research results, financial reports, examination reports), and tertiary (which are materials that can provide instructions or explanations for primary and secondary materials such as dictionaries, encyclopedias, and internet sources from appropriate and adequate pages) (Marzuki, 2008).

### 4. Discussion

#### Management of Mining PNBP in Indonesia

One way to realize the management of PNBP Mining for the prosperity of the people in accordance with the mandate of the Indonesian constitution is by optimizing PNBP Mining for Minerals and Coal. Article 1 number 1 of Law Number 9 of 2018 concerning Non-Tax State Revenue (UU PNBP) which has defined PNBP as a levy paid by individuals or entities by obtaining direct or indirect benefits for services or utilization of resources and rights obtained the state based on statutory regulations, which became the recipient of the Central Government outside of tax and grant revenues and managed in the APBN mechanism, apparently has not been as large as possible for the prosperity of the people given the massive exploitation of resources

without regard to the rights of the people to live sustainably (Trihastuti, 2013) and the state itself has not received the maximum income from the acquisition of PNBP.

PNBP is managed in the APBN system, which starts from the planning, implementation, accountability stages until the supervision stage so that in these management stages there are problems that require different handling at each of these stages (Pramugar et al., 2020). Several attempts have been made by the government, in this case, the Ministry of Energy and Mineral Resources (ESDM), through several technological innovations that reflect ongoing efforts to provide excellent services and the supervision efforts inherent in the mining sector have been carried out by the Ministry of Energy and Mineral Resources, such as "MINERBA ONLINE MONITORING SYSTEM", "MODI Dashboard", Minerba License Application, "ePNBP Minerba", and "MINERBA ONE MAP INDONESIA" (Pramugar et al., 2020). But in reality, the application is still limited to reaching a minimum range of scope, subject, and technology of e-government, each of which is only limited to information and service delivery of certain citizens based on computer and web presence devices. The application has not been able to identify risks that exist in PNBP in the mining sector, such as access to public participation, transparency, and accountability in terms of criteria for granting mining permits and others issued by the Governor (which is often not announced), submission of mining licenses controlled by the beneficial owner non-transparent, proof and validity of due diligence submitted by mining permit holders regarding their capacity, financial resources and integrity (such as past behavior and compliance with law) (Pramugar et al., 2020). Even in the current mining practice, there is not yet one mining map that should be made jointly by local governments (provincial and district), the Ministry of Environment and Forestry, and the Ministry of Energy and Mineral Resources (Pramugar

et al., 2020). In fact, Article 140 of Law No. 4 of 2009 concerning Mineral and Coa Mining has stipulated that the Minister of ESDM oversees the administration, operations, apparatus resources, and governance of the implementation of mining business management carried out by the provincial government and district government and oversees the implementation of mining business activities carried out by IUP holders, People's Mining Permit (IPR), or Special Mining Business License (IUP) according to their authority. Then in Article 142 of Law No. 4 of 2009 has been regulated regarding the obligation of governors and regents/mayors to report the implementation of mining businesses in their respective territories at least once every six months to the Minister of Energy and Mineral Resources.

Of course, the management and supervision of e-government in the mining sector must be carried out by the Ministry of Energy and Mineral Resources considering that e-government helps the government achieve several important goals through quality websites, helps in decentralizing public administration (Prybutok, Zhang, & Ryan, 2008), and improving the ability of the Ministry of Energy and Mineral Resources in supervising the main activities that have been carried out by local governments in the mining sector. Decentralization of public administration provided by the Ministry of Energy and Mineral Resources to local governments shows that in certain cases the central government also does not ignore the existence of local laws, which tolerate the creation of a diversity of policies that are in accordance with the character of the community. Decision making is carried out by elements outside the top of the country, although it must be carried out by the local government itself, the recipient of a mining business permit must remain responsible for local laws in force in the area where the mining exists. The rationale for decentralization and regional government is a means of implementing regional autonomy

and democratization of government administration. However, the inadequacy of e-government in the mining sector has made the Ministry of Energy and Mineral Resources never be able to directly calculate the amount of production, the number of shipments and sales as well as the calculation of the quality of production of mining products directly and in real terms. What happens is that only reporting is done by the IUP holder in one direction.

Ideal E-Government of mining activities Although the Ministry of Energy and Mineral Resources has made several applications, but it must be realized that e-government is more than just a web site, because some important existence of e-government is trying to connect the government with its citizens on a very close scale, potentially simplifying government processes, stimulating internal change, and restructuring the government in terms of benefits in the form of cost savings, improved communication and coordination, increased citizen participation and increased government accountability (Koh et al., 2006).

E-government that must be implemented must be in line with several mining management principles as regulated in Article 2 of Law no. 4 of 2009, which is participatory, transparency, and accountability. The transparency through ICT becomes a very urgent need in connection with its potential in creating new opportunities for participation and accountability and making it used to support e-government and open government initiatives. This is summarized from the thought of Harrison and Sayogo (2014) which states that although there is a record which states that there are relationships that are often weak, disturbed, incomplete, or difficult to extract and explain between fiscal transparency, participation, and accountability (as the argument is based on transparency which is more easily achieved than participation and the achievement of participation does not guarantee the

achievement of accountability), but the conceptual interdependence between transparency, participation and accountability is an integral requirement for open government, where the key to creating effective transparency is the need to consider a skilled audience, capable of gathering information given, and then implemented in a comprehensive and disciplined or regular transparency practice that is accompanied by an audit, and directed at a wide audience. Citizen involvement in policy making is a core element of good governance, bearing in mind that citizen involvement in helping and organizing agendas, proposing policies, and forming dialogue will enhance perceptions of legitimacy and fairness and foster a capacity for fair and informed deliberation (Harrison & Sayogo, 2014). Of course, these citizen's involvement constitute an important effort to apply the principle of checks and balances considering the nature of the holders of authority who tend to neglect the rights of the citizens by expanding, prolonging, and abusing their power (Priyambudi *et al.*, 2020).

Furthermore, bearing in mind that every action and action must be able to illustrate the concept of a legal obligation to "everyone" who is considered legally competent to take responsibility for his actions or actions (Sinaga, 2019), then the principle of transparency, participation, and accountability must be the basis in creating a maximum range of e-government in the mining sector.

The matter of transparency and accountability initiatives in the mining industry sector was also emphasized by Acosta (2013) by stating that as an effort to design a government institutional mechanism responsible for the extraction and allocation and use of revenues in reducing socio-economic and inequality among citizens, the collection is needed, better reporting and analysis of data, and a stronger focus on the allocation and use of government spending derived from natural resource wealth, and a better understanding of the importance of

incentives and sanctions to ensure effective impacts. The scope of these transparency and accountability initiatives can be carried out on licensing, exploration, contracting, extraction, as well as increasing revenue and allocation of natural resource revenues, and on actors related to the mining sector, including governments, corporations, non-governmental organizations (NGOs), media, and civil society (Acosta, 2013).

Furthermore, in connection with decentralization which is the process of spreading power or authority to make and decide on policies and implement policies outside the top of the state hierarchy or in all corners of the country, however, there is a mandate of Article 33 paragraph (3) of the 1945 Constitution and Article 1 number (1) of the PNB Law which requires that mineral resources in Indonesia can be used as much as possible for the prosperity of all the people of Indonesia, the centralization of supervision conducted by the Ministry of Energy and Mineral Resources must be proportional, fair, democratic and in accordance with the potential, conditions and needs of the region by involving e-government that scope, subject, and the technology is in the maximum range, as a brief description is described in the following matrix.

Maximum Reach	Participatory	Transparency	Accountability
Enabler for e-democracy	X, X, X	X, X, X	X, X, X
All public sector stakeholders – Central Government/Ministry of Energy and Mineral Resources	X, X, X	X, X, X	X, X, X
All public sector stakeholders – Regional government	X, X, X	X, X, X	X, X, X
All public sector stakeholders – Mining Business Permit Holder	X, X, X	X, X, X	X, X, X
All public sector stakeholders – Societies	X, X, X	X, X, X	X, X, X
All public sector stakeholders – NGOs	X, X, X	X, X, X	X, X, X
Internet	X, X, X	X, X, X	X, X, X

## 5. Conclusions

This study produces two conclusions. First, the implementation of e-government in the management of the mining sector PNBP in Indonesia is currently still limited to applications and web sites, even though there are overlaps in mining permit authority between the central government and regional governments (provincial and district level). Of course, the current management of Mining PNBP cannot be said to have implemented e-government, especially the lack of integration of checks and balances between stakeholders, both the central government, regional governments, IUP holders, and the community. Second, the implementation of e-government must be carried out in a broad scope of checks and balances doctrine which emphasizing the principles of transparency, participation, and accountability so that it can optimize Mining PNBP and improve the quality of regulations and supervision. It is recommended that an empirical study of the appropriate elements in the matrix proposed by the author can be carried out in subsequent studies.

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