

CHAPTER FOUR

GENERAL DISCRPTION

A. Local Revenue

In order to run the development activities, it required into significant funding sources. To implement the force of Autonomy by Law No.22 of 1999 on Regional and Centre Financial, it has a logical consequence. In the context of Regional Autonomy, Dipenko play the role as a supplier of Regional Finance which is veru important, and the role of Planning Agency as “steering” the direction of regions development and controlling the source of funds that used was very dominant role. So, Pemda and Pemkot should control on their own responsibilities without any interference by Central Government.

Local Revenue basically is one of factors in increasing the economic growth in region. So the process is that both districts and cities should manage on their own resources (natural and human resources). Local Revenue in Riau Province was increased 16.3% in 2014. Total acceptance of Riau Province is amounted for Rp.8,132 billion which came from Local Revenue for Rp.3,245 billion (39%), and Balance Funds for Rp.4,232 billion (52%) and 8% from other legitimate revenue. Mostly, 77% of Local Revenue derived from local tax revenue, and more than 64% of Equalization Funds came from non-tax revenue of Sharing Funds.

Sectors of regional revenue that has been mentioned in previous chapters, there are many sectors that could be used by local governments to improve the Local Revenue, the increase in tax revenue and other legitimate Local Revenue.

Table 4.1
Realization of Local Revenue in Districts/Cities According to The Acceptance
(thousands rupiahs), 2010-2014

Jenis Penerimaan	2010	2011	2012	2013	2014
Pendapatan Asli Daerah	1.002.811.748	1.154.638.112	1.519.095.500	1.649.122.238	1.892.452.386
<i>Pajak Daerah</i>	194.166.410	319.921.445	434.413.648	594.310.227	726.827.287
<i>Retribusi Daerah</i>	202.267.506	194.921.051	240.102.996	239.065.417	325.187.108
<i>Hasil Perusahaan Milik Daerah dan Pengelolaan</i>	230.743.838	201.661.098	338.061.992	283.560.598	272.248.520
<i>Lain-lain PAD yang Sah</i>	375.633.994	438.134.518	506.516.864	532.185.996	568.189.471

Source: BPS, Statistik Keuangan Provinsi Riau 2014.

From the table above we can see that the sources of Local Revenue in regencies / cities in Riau Province have increased the revenues every year, from 2010 to 2014. Local Taxes experienced a considerable increase in 2014 amounted to Rp. 726 827 287. Those nominal is the largest sources of Other Local Revenue in 2014. Assuming that the results of the tax set by the government both from motor vehicle tax, motor fuel taxes, and the other is used and managed by local governments. For Levies, it had experienced a decline in 2011 of Rp.194.921.051 from the previous year of Rp.202.267.506. So, in 2013 was decreased by Rp. 239. 065.417 from the year 2012 amounted to Rp.240.102.996. But in 2014 also was increased and the most numerous of previous years amounted to Rp. 325 187 108. For the results of Local Owned Company's Management looks to increase in the year 2013 amounted to Rp. 338 061 992. Then, from the results of Other Legitimate of Local Revenue, increased from year to year, and the largest revenue in 2014 amounted to Rp. 568 189 471. And then, On average, every districts/cities in Riau Province was increased year by year on Local Revenue.

Table 4.2
Realization of Local Revenue in Every Districts/Cities in Riau
Province, According to Acceptance (thousands rupiahs), 2010-2014.

Districts/Cities	2010	2011	2012	2013	2014
Districts	785.707.195	812.957.542	1.036.587.547	1.123.624.268	1.185.243.928
Kuansing	21.193.525	25.116.050	64.831.009	57.348.332	50.156.701
Inhu	38.362.438	46.851.206	64.831.009	57.348.332	47.451.732
Inhil	50.635.882	55.879.647	64.178.156	80.512.228	82.115.777
Pelalawan	38.382.026	46.649.862	55.689.510	71.443.864	89.065.500
Siak	262.896.648	198.010.053	346.603.960	348.618.602	266.247.427
Kampar	125.726.736	96.909.123	110.076.551	157.542.304	120.637.346
Rohul	45.726.003	34.243.131	54.369.714	57.064.234	56.768.019
Bengkalis	111.102.710	216.120.227	205.979.691	181.667.217	281.446.579
Rohil	85.535.129	67.947.741	66.423.364	82.962.459	149.955.845
Kep. Meranti	6.146.098	25.230.502	32.270.326	40.192.727	41.399.000
Cities	217.104.553	341.680.570	482.507.953	525.497.970	707.208.458
Pekanbaru	156.830.632	225.903.389	364.604.451	368.031.805	560.074.583
Dumai	58.273.921	115.777.181	117.903.502	157.466.165	147.133.875
Total	1.002.811.921	1.154.638.112	1.519.095.500	1.649.122.238	1.892.452.386

Source: BPS, Statistik Keuangan Provinsi Riau 2014.

In this table, explain that most of the Local Revenue in all regencies / cities in Riau Province have increased every year. Local Revenue increased every year there in Pekanbaru, which is the capital of Riau province. Kep. Meranti is also a district which has increased revenue every year, although the revenues were not as big as other regencies / cities in Riau Province. This is because Kep. Meranti is a new district in the province of Riau. However, with the sums, explained the Local Revenue increase despite a newly created district.

Every districts/cities in Riau Province has strong capabilities in some sectors. Good management and development in the sector are the factor to increase the acceptance of Local Revenue, especially from local taxes sector and other

legitimate of Local Revenue which was shown in the tables above. With this explanation on local taxes and levies, the government can be easily to accept that payment from people, and they were not become difficult to pay taxes, fees and other revenues. Therefore, with the increasing of Local Revenue from every districts/cities, local government no longer depends on revenues from Central Government and they can control and manage on their own sources.

B. Total Population

Population are all residents of the geographic territory of Republic of Indonesia who have stayed for six months or longer, and those who intended to Population growth is the change of the population in time, and can be calculated as a change in the number of individuals in a population using "per unit time" for measurement. Generally, Population growth is one of the important factors in the socio-economic and particularly in population issues. In addition giving an effect to the number and composition of population, it also affect to the socio-economic conditions of a region or country all over the world. Average growth of population is the annual population growth rate over a certain period and expressed as a percentage of the base population.

In Riau province, a population has increased significantly. For 2010, the rate of population growth in Riau reached 4.46 percent with 5,543,031 inhabitants. Population growth is relatively high and above the national standard at the rate of 1.3 percent. And in 2013, the population of Riau province has increased too as much as 6,125,283 consisting of 3,162,525 inhabitants for male and 2,962,758 inhabitants for female.

Table 4.3
Indicators of Riau Population

Uraian	2011	2012	2013
Jumlah Penduduk (000 Jiwa)			
Laki-Laki	2.956	3.054	3.162
Perempuan	2.782	2.874	2.963
Jumlah	5.738	5.929	6.125
Sex Ratio (L/P) (%)	106	106	106
% Penduduk menurut kelompok umur			
0-14 tahun	32,4	32,1	31,7
15-64 tahun	65,1	60,7	65,6
lebih dari 65 tahun	2,5	2,6	2,6

Source: Statistik Daerah Provinsi Riau 2014

Only, the high population growth in the province of Riau caused by other factors, in addition to the numbers of births and deaths, which is a number of migration and population displacement. The phenomenon of migration has been experienced by the Province of Riau since over 30 years ago. Lists can be likened to "sugar" awash "ant" from various regions in Indonesia, resulting in population growth rate Riau average based on census results from 2000 to 2008 became one of the highest in Indonesia, which is 2.99 per cent per annum.

The rapid economic development in Riau is sustained amount of economic resources plus the strategic location. Riau is rich in oil and gas. it makes Riau as one of the fields of investment for companies. According to the Investment Regional Champion in 2012, the level of investment Riau is the third largest after East Java and Jakarta. Human Development Index (HDI) Riau is second highest after Jakarta in 2011. In addition, Riau regional development is also very fast.

The distribution of population in Riau province is still concentrated in the city of Pekanbaru is the capital of the province, as many as 999.031 people or by

16.31% of the total population of the province of Riau. Annually, the population growth in Pekanbaru City was increased by 7%. This increase is due to the rapid increase economic development in the city of Pekanbaru. While the district with the smallest population contained in Kep. Meranti district which 183.912 inhabitants.

Table 4.4
The Distribution of Population for Districts/Cities by Gender in Riau province in 2013

Regency/City	Male	Female	Total
Kuantan Sengingi	163.022	154.243	317.265
Indragiri Hulu	207.204	193.997	401.201
Indragiri Hilir	359.563	338.251	697.814
Pelalawan	185.579	166.628	352.207
Siak	220.239	201.238	421.477
Kampar	395.970	370.381	766.351
Rokan Hulu	281.915	261.942	543.857
Rokan Hilir	318. 779	299.576	618.355
Bengkalis	281. 253	262.533	543.786
Kep. Meranti	94.684	89.228	183.912
Pekanbaru	508.961	490.070	999.031
Dumai	145.356	134.671	280.027
Total	3.162.525	2.962.671	6.125.283

Source: BPS of Riau Province, Riau Dalam Angka 2014

The population of Riau Province is consisting of diverse ethnic groups. Melayu etnich is the largest community with a composition of 37.74% of entire Riau Population. They generally come from coastal areas in Rokan Hilir, Dumai, Bengkalis, Meranti Islands, up to Pelalawan, Siak, Inderagiri Hulu and Inderagiri Hilir. The other tribes are Java (25.05%), Minangkabau (11.26%), Batak (7.31%), Banjar (3.78%), Chinese (3.72%) and Bugis (2.27 %).

Generally, Javanese and Sundanese are in the migrant's area. While, Minangkabau ethnicis become merchants and many living in urban areas such as Pekanbaru, Bangkinang, Duri and Duri. Likewise, Chinese people are generally the same as Minangkabau ethnic are becoming merchants and settled especially in Pekanbaru, and many are also found in coastal areas in the east as Bagansiapiapi, Selatpanjang, Rupert and Bengkalis.

Actually, the main language of Riau Province use Malay and Indonesian. Malay language commonly used in coastal areas such as Rokan Hilir, Bengkalis, Dumai, Pelalawan, Siak, Indragiri Hulu, Indragiri Hilir and around islands. The composition of Riau population are filled with different a plurality of socio-cultural background, language, and religion. The religions that adopted by Riau population are very diverse, including Islam, Protestantism, Catholicism, Hinduism, Buddhism, and Confucianism.

C. Government Spending

Government spending is a budget allocation that is organized in the State Budget (APBN) annually to various sectors or fields with a view to the welfare of the people through a wide - range program. For local governments, the budget has been prepared in the Budget Revenue and Expenditure (APBD). Budget (APBD) Riau in 2014 amounted to Rp. 4,715 billion. Approximately 31% is allocated for public works or approximately Rp. 1,481 billion.

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Table 4.5
Realization of the Regional Budget (APBN) Riau Province in 2014

Anggaran	2012	2013	2014
Realisasi Pengeluaran (Milyar Rp)	6.671	7.525	8.848
DAU (Milyar Rp)	489	726	821
PAD (Milyar Rp)	2.589	2.725	2.840

Source: BPS of Riau Province, Riau Dalam Angka 2015

Based on Law No. 32 of 2004 and the rules of procedure, the structure of the budget consists of revenue, expenditure, transfer and financing, which every structure must be listed with the budget amount and budget realization on the earlier period. Government spending is included in regional spending which was classified into two types of indirect and direct spending. Indirect spending includes personnel expenditure, interest expenditure, subsidy, grant expenditures, social assistance spending, spending for the results of the provincial/district and village governments, financial assistance spending to provincial/district and village governments, and unexpected expenditures. While the direct expenditure covers personnel expenditures, goods and services expenditures and capital expenditures.

Table 4.6
Realization of Government Spending in All Districts/Cities,
Riau Province, 2010-2014

Jenis Pengeluaran	2010	2011	2012	2013	2014
BELANJA TIDAK LANGSUNG	6.315.163.316	7.484.125.340	8.141.729.643	8.750.335.646	9.926.067.128
Belanja Pegawai	4.708.199.939	5.766.433.780	6.332.309.441	6.721.646.277	7.976.786.449
Belanja Bunga	73.712	27.672	68.538	3.119	9.140.000
Belanja Subsidi	26.128.894	29.631.503	22.373.580	34.429.719	34.033.077
Belanja Hibah	453.914.376	610.534.178	817.070.614	898.939.573	666.025.891
Belanja Bantuan Sosial	579.502.400	430.353.637	70.706.945	77.745.498	88.593.248
Belanja Bagi Hasil	4.670.936	229.871.700	3.793.498	3.789.000	8.767.927
Belanja Bantuan Keuangan	493.643.921	397.602.800	869.637.808	1.006.619.607	1.109.755.003
Pengeluaran Tidak Terduga	49.029.138	19.670.070	25.769.221	7.162.853	32.965.533
BELANJA LANGSUNG	7.876.217.352	8.477.590.911	10.378.369.254	12.822.812.124	17.319.030.466
Belanja Pegawai	1.167.968.931	1.254.423.932	1.316.323.846	1.635.070.408	1.725.877.137
Belanja Barang dan Jasa	2.345.845.493	3.237.883.146	3.870.639.602	4.627.875.976	5.993.548.670
Belanja Modal	4.362.402.928	3.985.283.833	5.191.405.806	6.559.865.740	9.599.604.659
PEMBIAYAAN DAERAH	3.860.110.380	5.325.147.732	6.906.903.164	5.335.800.162	394.996.191
Total	18.051.491.048	21.286.863.983	25.427.002.061	26.908.947.932	27.640.093.785

Source: BPS of Riau Province, Statistik Keuangan Riau 2015

As Local Revenue table, the Government Spending table explained that the government spending comes from three sources, namely Indirect Expenditure, Direct Expenditure and Regional Financing. In Indirect Expenditures, employee expenditures constitute the largest expenditure of Riau regional government has increased the amount of expenditure from year to year. This is because the personnel expenditure is salaries / wages of employees of local, county clerks, administrative clerks and other employees who work in a government agency that has been set by the central government area. It is also associated with an increased number of employees in the government in the province of Riau from year to year. In 2014 Indirect Expenditures for personnel expenditure amounted to Rp.7.976.786.449, the largest number of other sources. On the Indirect Expenditures for Tax expenditures are the smallest government spending in

number. The smallest amount found in 2013 that is equal Rp.3.119. but in 2014 is the year is the biggest expenses for Expenditure Interest of Rp.9.140.000.

Direct expenditure is expenditure which was implemented to support the programs and activities of the government. Capital expenditure is expenditure that increased spending on virtually every year. The biggest capital expenditure in 2014 amounted to Rp.9.599.604.659. Employee Expenditure on direct expenditure has increases every year. The number of employee expenditures on direct expenditure is smaller than in the employee expenditures in Indirect Expenditures. This is because the employee expenditures on direct expenditure are the government spending on employee as a support employee performance in running the program and activities of the government.

By the increasing of Government Spending in every year, the Local Government should be able to appropriate services to local communities, the the communities can feel the well-being, especially for education sector and the health sector. So, communities can earn a decent living from what has been implemented of local government in creating prosperous society.

Table 4.7
Realization of Government Spending by The Districts/Cities (thousands
rupiah) Riau Province in 2010-2014

Districts/Cities	2010	2011	2012	2013	2014
Districts	16.130.830.546	18.739.721.272	22.101.188.295	23.039.457.763	23.385.813.609
Kuansing	811.096.146	1.053.882.538	1.330.440.116	1.580.039.279	1.378.347.822
Inhu	865.675.039	1.242.662.518	1.703.415.404	1.954.558.476	1.713.523.083
Inhil	1.101.393.371	1.543.258.780	1.843.879.959	1.970.916.457	2.132.052.264
Pelalawan	1.129.036.006	1.508.402.055	1.809.391.437	1.997.292.719	2.090.584.158
Siak	2.339.814.507	2.423.051.096	2.994.448.474	3.197.243.871	2.806.523.994
Kampar	1.842.978.340	1.923.897.724	2.140.995.874	2.584.633.424	2.423.266.889
Rohul	1.092.287.128	1.118.763.012	1.327.297.368	1.502.491.943	1.759.178.725
Bengkalis	3.135.610.676	4.668.167.865	5.183.963.996	4.356.946.424	4.682.245.382
Rohil	3.305.445.273	2.203.597.716	2.484.177.864	2.464.574.279	2.756.302.508
Kep. Meranti	507.494.060	1.054.037.968	1.283.177.803	1.430.760.891	1.643.788.784
Cities	1.920.660.485	2.547.141.711	3.325.813.266	3.869.490.169	4.254.280.176
Pekanbaru	1.211.241.485	1.551.885.219	2.004.662.747	2.413.051.391	2.792.275.206
Dumai	709.419.017	995.256.492	1.321.150.519	1.456.438.778	1.462.004.970
Total	18.051.491.017	21.286.862.983	25.427.001.561	26.908.947.932	27.640.093.785

Source: BPS of Riau Province, Statistik Keuangan Riau 2014

From the table above, we can see that the Government Spending in almost all regencies / cities in Riau Province have increased spending from 2010 to 2104. The decline of the number of years several regencies / cities in Riau Province, was included in the great amounts, that if in total the overall, Government Spending form all Districts / Cities still increasing. Some districts, such Siak, Bengkalis and Rokan Hilir regency with Government Spending is substantial compared with other districts. Moderate to areas of the city, Pekanbaru City is a town with expenditures increasing each year. Overall, amount of expenditure in regencies / cities in Riau Province, Kep. Meranti is a district with government spending is the smallest among other regency / city. This is the same as described in the preceding table, due to Kep. Meranti is a new district in shape. However, if

viewed from the amount of expenditure, Kep. Meranti was increased in the effective and significant.

So, from all districts/cities explained that the average of spending from local government in every districts/cities in Riau Province was increased annually, although some districts/cities has decline experienced in spending, but the number of such spending is still considered to be stable and able to provide appropriate assistance for the people of the region.

D. Gross Regional Domestic Product (GRDP)

Gross Domestic Product is the overall value of services produced by the publics/citizens in an area or areas within a region or area within a specified time (one year). GRDP in this case could also mean the amount of value added arising from all production units within a region within a specified period (Prasetyo, 2011 in Puspitasari, 2016). Regional income is one measure that was considered closer to the achievement of the prosperity and welfare of the community. One of the benefits of the regional income is to find the output product level, economic growth and structure for one period in one territory.

The value GRDP at current price without gas and oil also increased from 296, 45 trillion rupiahs in year 2012 to 340, 63 trillion rupiahs in 2013. So did the GRDP at constant price without gas and oil based on 2000, it increased from 56, 54 trillion rupiahs in year 2012 to 60, 01 trillion rupiahs in 2013. Similarly, GDRP at current prices with oil and gas shows an increase from 469, 07 trillion rupiahs in 2012 to 522, 24 trillion rupiahs in the 2013. Improvement also occurred on

GDRP at constant prices in 2000 with oil and gas, from 106, 31 trillion rupiah in 2012 to 109, 07 trillion rupiah in the 2013. The Creation of added value that are aggregated into a Gross Regional Domestic Product (GRDP) is an indicator of a region's economy, and economic growth measured by the movement of the GRDP at constant prices. Riau in 2014, the economy grew by 2.62%. Mining and quarrying category experienced a contraction of 5.47% economic growth and a major source of growth came from the category of trade, industry and buildings.

In this section, the author describes a general overview of the economy of districts/cities in Riau province without oil and with oil and gas during the period 2012-2014. Through this brief review can be seen picture of the economy of districts/cities in Riau Province in exploring the potential of economic resources respectively, displayed through macro-economic indicators such as growth rate and economic contribution. With aim the macro-economic indicators are a tool to facilitate the development planning. Riau economic growth during 2014 is the result of the simultaneous performance of the economy of each districts / cities in Riau Province.

1. GRDP without oil and gas

In general, economic growth in the district / city for 2014 economic growth ranged from 3.25 percent to 7.52 percent. Sequentially from 2012 to 2014 the rate of economic growth Meranti Islands is the highest among the districts / cities, reaching 9.27 percent, 7.93 percent and 7.52 percent. The high economic growth illustrates the good development of each sector drive

the economy towards a more effective and efficient, and also it cannot be separated from the role of Pekanbaru City which is the administrative center for the province of Riau. Other cities and counties also have high economic growth in 2014 which amounted to 7.33 percent Bengkalis and Indragiri Hilir amounted to 6.92 percent.

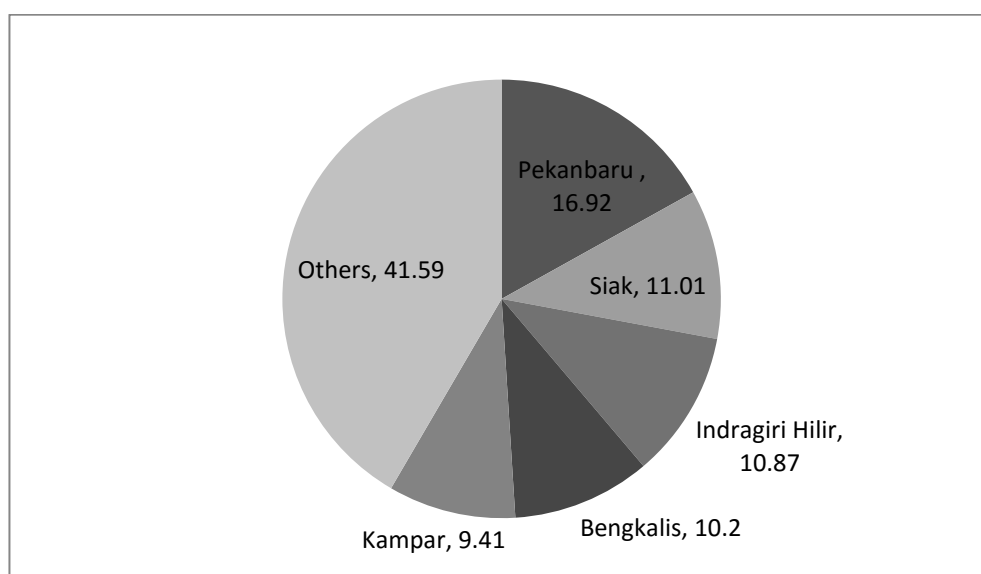
Table 4.8
The Economic Growth of Districts/Cities
in Riau Province on 2010-2014

Districts/Cities	2012	2013	2014
Kuansing	5,93	5,46	5,34
Inhul	8,40	6,40	5,75
Inhil	7,91	7,16	6,92
Pelalawan	2,98	5,52	6,16
Siak	3,03	4,57	4,70
Kampar	7,20	6,79	4,56
Rohul	6,53	6,42	6,47
Rohil	7,16	5,80	6,19
Bengkalis	7,39	5,45	7,33
Kep.Meranti	9,27	7,93	7,52
Pekanbaru	7,82	5,73	6,79
Dumai	3,70	4,50	3,25
Riau	6,22	5,48	5,90
Sumatera	6,78	6,04	5,78

Source: Pendapatan Regional Kabupaten/Kota menurut lapangan kerja

From the table above, we obtained information that during the epidemic in 2012 until 2014, the city of Pekanbaru still give squeeze the formation of non-oil economy in Riau Province which amounted to 16.03%, and remained up in the following years. Then Siak district, Indragiri Hilir (Inhil) and bengkalis also played a role in shaping the economy. The merger scale economy that comes from the four areas was told that economic growth of Riau Province is currently increasing in those areas.

Generally, the economic development of every districts/cities was flourishing with good direction as explained by the contribution that developed relatively stable until 2013. This means that the alignment in the ability to produce goods and services from every districts/cities to the total creation of goods and services in Riau growing good. The economic contribution, especially in the districts/ cities division, such as Kuansing district, Pelalawan, Siak, Rokan Hulu, Rokan Hilir, Kota Dumai continues to grow the economy stable Riau Province. Likewise, the same thing experienced by the districts/ cities.



Source: Pendapatan Regional Kabupaten/Kota Menurut Lapangan Usaha

FIGURE 4.1

The Distribution of GRDP without Oil and Gas for Districts/Cities in Riau Province at 2014

The economic structure of Riau Province is determined by the three sectors, the primary (agriculture and mining), secondary (industry sector,

electricity and gas, waste management, water supply, and construction) and tertiary (sectors of trade, transport, provision of accommodation to eat and drink, information and communications, financial services, real estate, etc.). In 2012-2014, the primary sector dominates the economy moving society districts/cities in Riau. This happened in Kuantan Singingi, Indragiri Hilir, Kampar, Rokan Hulu, Bengkalis and Rokan Hilir. Secondary sector annually highly viscous dominated in the area of Siak, Pelalawan and Pekanbaru, respectively for the year 2014 recorded the role in the economy of the district amounted to 57.67 percent, 53.07 percent and 50.23 percent. This shows that the three districts/cities are dominated by the industry sector in running the economy. For the tertiary sector, Dumai City has a big contribution in the economy of Riau. However, the tertiary sector is still unstable due to the ability of community resources is not equitable and stable. Furthermore, in general the economy of the districts/ cities will be reflected clearly in the economic structure of Riau. Basically the economy of Riau society is agrarian, which engaged in the primary sector and began a slight shift to the secondary sector. In 2014 the secondary sector was recorded at 40.17 percent and 39.29 percent into the primary sector.

2. GRDP with Oil and Gas

After the oil and gas elements are included in the GDP districts/ cities in Riau Province, the seeming diversity of economic growth of the districts/cities, especially the districts/cities that have oil and gas resources. The growing diversity of economic districts/cities is arising as sufficient

fluctuation of production and added value of the oil and gas revenue. During the 2012-2014 economic growth tends to weaken. At that time the world oil prices fluctuate and the level of oil and gas production that has many obstacles both technical and non-technical influence economic movement Riau. In addition, conditions some oil wells have begun to ripen also affect oil and gas production.

Table 4.9
The Economic Growth of Districts/Cities in Riau Province 2012-2014

Districts/Cities	2012	2013	2014
Kuansing	5,93	5,46	5,34
Inhul	8,39	6,21	5,62
Inhil	7,91	7,16	6,92
Pelalawan	3,02	5,55	6,08
Siak	2,07	-2,56	-0,71
Kampar	5,82	6,25	3,21
Rohul	6,12	5,93	6,78
Rohil	3,65	2,49	4,01
Bengkalis	-0,65	-3,48	-3,50
Kep.Meranti	6,70	4,05	4,65
Pekanbaru	7,82	5,73	6,79
Dumai	3,66	3,72	3,53
Riau	3,76	2,49	2,62

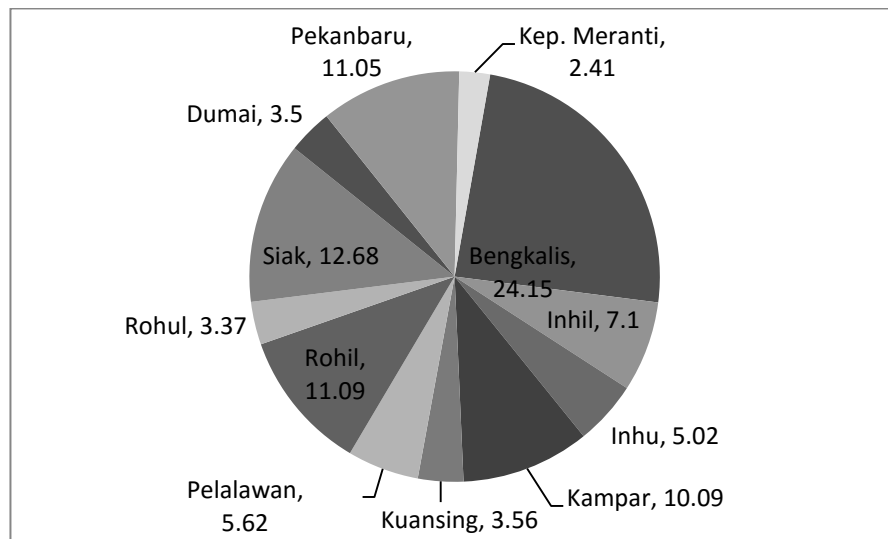
Source: Pendapatan Regional Kabupaten/Kota Menurut Lapangan Kerja

The weakening of economic growth due to the instability of oil and gas in 2014 amounted to 2.62 percent, generally affecting the economic growth at the districts/cities that has large oil and gas resources. Bengkalis growth rate became -3.50%, Siak became -0.71%, Kampar grew by 3.21% and Rokan Hilir grew by only 4.01%. The magnitude contribution of oil and gas which is dominant in the economy of a districts/cities, so, when they were in an instability condition, it will have a big impact to economic growth for the

districts/cities that produce oil and gas. The economic structure is very clearly illustrates the economic contribution of the districts/cities that has oil and gas resources to the economy of Riau.

This indicates how much oil and gas sector has a big opportunity in the economy. For that, the districts/cities that have an oil and gas clearly seem to give much contribution to the economy of Riau. It's mean, with the existence of oil and gas production, so the rising ability of districts/cities would let them dominantly to produce more goods and services in Riau Province. Therefore, with the condition of decreasing levels in oil and gas production that very quickly, the government has to evaluate all the problems that happened. And there is a possibility to rearrange an assessment of Natural Resources (SDA) to be more effective and efficient, so it will positively impact the economic and social development in Riau.

Generally, the role of Natural Resources (Oil and Gas) in districts/cities was change the composition of economic contribution without oil and gas by districts/cities towards the economy of Riau. Pekanbaru is the largest donator for the economy of Riau, but Siak is only donating 12.68%.



Source: *Pendapatan Regional Kabupaten/Kota Menurut Lapangan Kerja*

FIGURE 4.2
Economic Structure with Oil and Gas
For Districts/Cities in Riau Province (%), 2014

However, there are some districts which have oil and gas, but their contributions to the economy of Riau are relatively low. This is due to the quantity of oil and gas production that managed by the districts is lower than the total oil and gas production of Riau. Some districts such Indragiri Hulu about 5.02%, Pelalawan about 5.62%, Rokan Hulu about 3.73 %, Meranti Island about 2.41 %, and Dumai City about 3.50%.