



## Bali to Plan Tourist Retribution in 2024

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### ABSTRACT

There are intentions to enhance Local Revenue (PAD) in Bali Province. In recent years, tourism has emerged as a vital economic sector, contributing significantly to regional income. Local governments adept at managing tourist attractions stands a better chance of increasing local original revenue (PAD). In conclusion, the proposed introduction of a mandatory levy of IDR 150,000 per person for foreign tourists visiting Bali reflects the Bali Provincial Government's commitment to addressing budget deficits and enhancing local revenue. This initiative, aligned with Law No. 15 of 2023, aims to safeguard Bali's culture, natural environment, and infrastructure development. The funds collected are intended to support environmental conservation and waste management, contributing to the sustainability of Bali's tourism sector. The Bali Regional People's Representative Council (DPRD Bali) has taken steps to ensure transparency in fund management, emphasizing the mandatory nature of the levy and outlining sanctions for non-compliance. Tourism stakeholders, including the Bali Tourism Board, generally support the imposition of levies on foreign tourists, considering it a global practice. The success of this initiative depends on the careful management of funds, collaboration among stakeholders, and adherence to regulations. If implemented successfully, the levy has the potential to generate significant revenue, estimated at around IDR 900 billion per year if foreign tourist visits reach pre-pandemic levels. The ultimate goal is to utilize these funds for the development of Bali's tourism infrastructure, targeting premium and upper-middle-class international tourists while promoting sustainable tourism practices.

**Keywords:** Bali, Tourist Retribution.

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### BACKGROUND

The advancement of Indonesia's tourism sector is evidenced by its increased competitiveness in 2019. The 2019 Travel & Tourism Competitiveness Report from the World Economic Forum reveals that Indonesia's global tourism competitiveness index improved from 42nd in 2017 to 40<sup>th</sup> in 2019.<sup>1</sup> According to the Ministry of Tourism and Creative Economy of the Republic of Indonesia, the tourism sector contributed 4.80% to the Gross Domestic Product (GDP) in 2019. Bank Indonesia's data further indicates that the tourism sector employed 328,000 workers in Bali in 2019. Bali's tourism sector is a key industry and acts as a gauge for national tourism development.<sup>2</sup> When managed effectively, the tourism sector can contribute to the country's foreign exchange earnings, generate revenue for local governments, create broader employment opportunities, and enable local communities to produce valuable offerings for tourists. Additionally, the tourism sector exerts a significant influence on various business sectors, particularly micro and small businesses,

and potentially extends to medium-sized industries in the local economy, fostering mutual growth. In regional development, the tourism sector plays a pivotal role and can gradually stimulate the progress of other sectors.

In 2021, the 36th Plenary Session of the Bali Regional People's Representative Council (DPRD Bali) disclosed that Bali's Regional Revenue for the 2022 budget was set at Rp 5,044,664,586, surpassing Rp 5 trillion. However, the Regional Expenditure was considerably higher, resulting in a deficit of Rp 6,102,490,842, exceeding Rp 6 trillion. Consequently, the Regional Budget for the Fiscal Year 2022 in Bali Province confirmed a deficit of Rp 1,057,826,256, surpassing Rp 1 trillion.<sup>4</sup> There are intentions to enhance Local Revenue (PAD) in Bali Province. In recent years, tourism has emerged as a vital economic sector, contributing significantly to regional income. Local governments adept at managing tourist attractions stands a better chance of increasing local original revenue (PAD).<sup>5</sup> Early in 2023, there was a proposal to impose a mandatory levy on foreign tourists vacationing on the

Island of the Gods. While Bali already has Regional Regulation No. 1 of 2020 concerning tourist contributions, this proposed levy of Rp 150,000 for foreign tourists would be obligatory and aligned with Law No. 15 of 2023 concerning the Province of Bali. The objective of this levy is purportedly to safeguard Bali's culture, natural environment, and infrastructure development.

### Levy for Foreign Tourist

The Bali Provincial Government appears to be earnest about introducing a mandatory levy of IDR 150,000 per person for foreign tourists visiting the Island of Bali. This policy is set to be enforced once the Bali Regional People's Representative Council (DPRD Bali) approves five draft regional regulations (*ranperda*), including the one concerning the levy on foreign tourists. Governor of Bali Wayan Koster has stated that before the IDR 150,000 levy for foreign tourists takes effect, the program is slated to be introduced through public awareness campaigns starting in September 2023. Governor Koster stated, the awareness campaign



**Figure 1.**<sup>6</sup> According to the Ministry of Tourism and Creative Economy of the Republic of Indonesia, the tourism sector contributed 4.80% to the Gross Domestic Product (GDP) in 2019.



**Figure 2.**<sup>9</sup> The government is currently in the process of formulating Regional Regulations (Perda) related to the policy, with plans for implementation in 2024. The objective is to ensure that tourists accept the levy.

would be expected to commence around September. He explained that following the initial awareness campaign, the levy on foreign tourists will be implemented in February 2024. According to Koster, the funds collected from the levy paid by foreign tourists visiting Bali will be utilized to safeguard Bali's culture and natural environment. The levy payment process will be electronic, ensuring direct

contributions to the Bali Province's funds.

The Governor planned to forward the regional regulation to the Minister of Home Affairs for facilitation. He personally expected that the facilitation process will proceed smoothly without encountering obstacles during discussions at the Ministry of Home Affairs. Alongside the levy on foreign tourists, the Bali DPRD also ratified various other regional regulations,

encompassing contributions to protecting Bali's culture and environment from valid and non-binding sources, corporate social and environmental responsibility in Bali, regional capital participation in limited liability companies guaranteeing credit in Bali, and regional capital participation in regional cultural centers in Bali.<sup>7</sup>

In 2024, foreign tourists entering Bali will be mandated to pay a levy of IDR 150,000 or 10 US dollars. The proposed levy is deemed crucial for the preservation of Bali's culture and natural surroundings. Bali Governor I Wayan Koster and the Minister of Tourism and Creative Economy of the Republic of Indonesia (Menparekraf RI) Sandiaga Salahuddin Uno concur that the levy, when properly implemented, will not negatively impact the number of foreign tourist visits to Bali. Governor Bali I Wayan Koster received the legal document from the DPR RI Commission II at the Bali Governor's Office on Sunday (23/7/2023). Regarding the levy on foreign tourists, Koster noted that it is mandated by Article 8 and Article 3, paragraph 4, of Law No. 15 of 2023. Koster outlined the procedure for collecting the levy during the Plenary Session at the Bali DPRD Building on Wednesday (12/7/2023). The IDR 150,000 rate applies to a single tourist visit and involves electronic payment or the e-payment system. Foreign tourists must show proof of payment at the Immigration counter if they enter through Ngurah Rai Bali Airport. The government is currently in the process of formulating Regional Regulations (Perda) related to the policy, with plans for implementation in 2024. The objective is to ensure that tourists accept the levy. Koster is confident that foreign tourists consistently support environmental and cultural protection for the sustainability of Bali's tourism. "There is no issue. If the funds are used for environmental and cultural purposes, especially for building higher-quality infrastructure (supporting), tourism in Bali will be comfortable, safe, and conducive," he concluded.<sup>8</sup>

#### Retribution as Conservation Solution

Minister of Tourism and Creative Economy Sandiaga Salahuddin Uno echoed similar sentiments during the International Tourism Investment Forum





**Figure 3.**<sup>12</sup> The IDR 150,000 fee imposed by the Bali Provincial Government aims to support environmental conservation.

(ITIF) 2023 in Badung, Bali, on July 26, 2023. Sandiaga emphasized that the IDR 150,000 fee imposed by the Bali Provincial Government aims to support environmental conservation. Regarding visitor numbers, Sandiaga believes that this policy will not deter foreign tourists, as they are supportive of preserving Bali's culture and environment. Achieving this objective, he noted, requires substantial funding and collaborative efforts from all stakeholders. "Tourists wish to see Bali preserved; they also want a beautiful Bali with well-managed waste, preserved coral reefs, and healthy mangroves," Sandiaga emphasized. Sandiaga highlighted the careful consideration taken due to the continuous growth in tourist numbers visiting Bali.<sup>10</sup>

Meanwhile, Coordinating Minister for Maritime Affairs and Investment Luhut Binsar Pandjaitan suggests that the Bali Provincial Government (Pemprov) utilize funds from the levy on foreign tourists to address waste management issues. Luhut commends the plan to impose a levy of US\$ 10 or approximately IDR 150,000 on foreign tourists. Luhut emphasized the importance of avoiding political debates regarding the waste issue. Previously, residents near the Integrated Waste Processing Site (TPST) Kesiman Kertalangu, Denpasar, expressed concerns about the unpleasant odor from the garbage affecting their well-being. The Bali Provincial Government is set to introduce a levy for foreign tourists visiting Bali,

with the IDR 150,000 fee expected to be implemented no earlier than February 1, 2024.<sup>11</sup>

### Potential Challenges in Future

Bali presents considerable opportunities for both domestic and international tourists, contributing significantly to the growth of the tourism industry. However, the smooth implementation of levies in the tourism sector is not guaranteed. A case study by Pramesti (2022) revealed that the contribution of levies to the Bali People's Struggle Monument (*Monumen Perjuangan Rakyat Bali*) to regional revenue was relatively modest. Challenges in its execution can be categorized into two types: external challenges, such as a lack of awareness among those obligated to pay the levies, and internal challenges, including a shortage of human resources and insufficient funds for monument maintenance. This potential issue may arise if human resource readiness and effective communication are not maximized, both among tourists and the workforce involved.<sup>13</sup>

Similarly, the introduction of Regional Regulation number 37 of 2019 concerning levies on Tourist Attraction Objects (OTDW) in Kintamani aimed to regulate attractions, maintain order, ensure visitor comfort, and increase the local revenue of Bangli Regency. However, its implementation has sparked prolonged controversies from various parties. The pros and cons are not only evident among

the general public and small traders but also result in confusion within the regional government, particularly regarding the understanding and application of these regulations. Implementation inconsistent with the aspirations of the community and tourism stakeholders can disrupt traffic flow, adversely affect road users, and harm tourism entrepreneurs operating in Kintamani and its surrounding areas.<sup>14</sup>

Ida Bagus Agung Partha Adnyana, Chairman of the Bali Tourism Board (BTB), overseeing the tourism industry, explained that tourism stakeholders fundamentally support levies on foreign tourists. According to him, the imposition of levies on foreign tourists is not a new concept globally, as several countries have already implemented such measures. However, funds collected from international tourists should be directed towards the development of Bali's tourism. As a tourism stakeholder, he emphasized that Bali still requires infrastructure development for quality tourism, aiming to attract premium and upper-middle-class international tourists. Additionally, these funds should be utilized for sustainable tourism promotion in Bali. Meanwhile, the Regional People's Representative Council (DPRD) of Bali has approved the Draft Regional Regulation (Ranperda) on levies for foreign tourists, specifically for the protection of Bali's culture and environment.

Chairman of Commission III of the Bali DPRD, AA Ngurah Adi Ardana, explained the unanimous agreement among all factions on the points outlined in the Ranperda. Essentially, the Bali DPRD approves the levy of IDR 150,000 for incoming foreign tourists. Ardana clarified that the regulation, serving as the legal basis, emphasizes that the levy must be paid through electronic payment (e-payment) and is mandatory before or upon entering Bali. The proceeds from the levy will be managed transparently, following legal regulations with the principles of openness, allowing foreign tourists and the public to have extensive access to information regarding the management and utilization of levy proceeds from foreign tourists.

The Bali DPRD also stressed that the allocation of levy proceeds must align with

its intended purpose, without reducing the budget from the Main Regional Budget (APBD Induk) and is in accordance with the objectives set in the Ranperda. The Ranperda also includes sanctions for tourists who refuse to contribute funds during their stay in Bali. Ardana said that the Government emphasized the Ranperda by adding the word 'mandatory' in Article 5, paragraphs (4) and (5), so that subsequent articles can impose sanctions if not complied with or implemented. The contribution funds will enter the Miscellaneous Legitimate Regional Revenue. Regarding Bali's revenue potential from levy funds, if foreign tourist visits reach 6 million people per year, as before the pandemic, Bali has the potential to generate around IDR 900 billion per year, providing a fresh source of funds for the local treasury.

## CONCLUSION

In conclusion, the proposed introduction of a mandatory levy of IDR 150,000 per person for foreign tourists visiting Bali reflects the Bali Provincial Government's commitment to addressing budget deficits and enhancing local revenue. This initiative, aligned with Law No. 15 of 2023, aims to safeguard Bali's culture, natural environment, and infrastructure development. The funds collected are intended to support environmental conservation and waste management, contributing to the sustainability of Bali's tourism sector. While Governor Wayan Koster and Minister of Tourism Sandiaga Uno express confidence that the levy will not deter tourists and emphasize its importance for cultural and environmental preservation, potential challenges are acknowledged. These include the need for effective communication and awareness among tourists, as demonstrated by past cases, and potential controversies surrounding the implementation of levies on tourist attraction objects.

The Bali Regional People's Representative Council (DPRD Bali) has taken steps to ensure transparency in fund management, emphasizing the mandatory nature of the levy and outlining sanctions for non-compliance. Tourism stakeholders, including the Bali Tourism Board, generally support the imposition of levies on foreign tourists, considering it a global practice. The success of this initiative depends on the careful management of funds, collaboration among stakeholders, and adherence to regulations. If implemented successfully, the levy has the potential to generate significant revenue, estimated at around IDR 900 billion per year if foreign tourist visits reach pre-pandemic levels. The ultimate goal is to utilize these funds for the development of Bali's tourism infrastructure, targeting premium and upper-middle-class international tourists while promoting sustainable tourism practices.

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