

ABSTRACT

Based on the general provisions in the Law on Regional Autonomy Number 32 of 2004 on Regional Government, the regional autonomy is expected to make every autonomous region able of providing prosperity for the public, improving services especially in the public sectors, and managing regional finances optimally, as well as allocating the regional spending according to the needs of the community. One of the regional spending used by the Regional Government is Capital Expenditure. Capital expenditures are expenditures whose benefits will be realized over a time greater than one year and will add government asset or wealth.

This study aimed at determining the influence of the Local Government Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK) to Capital Expenditure of Regency/City in Central Java Province in the Period of 2014-2015. The data used in this study were obtained from the Realization Report of APBD which was accessed from the official website of BPS Central Java Province.

The population used in this study were Regencies/Cities in Central Java Province. The samples were 35 Regencies/Cities, these samples were chosen by using purposive sampling technique. The data analysis method in this study was Panel Data Regression analysis using EViews 10 software.

The test results showed that, independent variable (PAD, DAU, and DAK) simultaneously had significant influence to Capital Expenditure. Meanwhile, the test conducted partially showed that PAD did not influence the Capital Expenditure, whereas DAU and DAK variables influenced the Capital Expenditure.

Based on the results of the study, the Government of Regency/City in Central Java Province should be more concerned about the increase of the regional revenue, especially the Local Government Revenue (PAD), in order to increase the Capital Expenditures so that infrastructures and public interests also increase and the regional government should minimize their dependence level of funding assistance from the central government, in the form of DAU and DAK.

Keywords: Local Government Revenue, General Allocation Fund, Special Allocation Fund, and Capital Expenditure .