

**Paper#:** K155

## **New Public Financial Management in Indonesia (1999 – 2012): Confusions in Implementation**

**Tri Jatmiko Wahyu Prabowo**

Macquarie University  
tri.prabowo@mq.edu.au

**Philomena Leung**

Macquarie University  
philomena.leung@mq.edu.au

**James Guthrie**

Macquarie University  
james.guthrie@mq.edu.au

### **ABSTRACT**

The aims of this paper are to review public sector reforms through A ‘New Public Financial Management’ (NPFM) perspective, and to identify the reforms’ principles and techniques which have been implemented by Indonesian governments from 1999 – 2012. This study is an archival and historical study, based on literature reviews which include published material (i.e. of academic books and articles, and, also, regulations and reports which the Indonesian Government officially publishes). From studying legal formal, it can be concluded It finds that Indonesian public sector reform can be classified as NPFM reforms. However, this paper highlights that the Indonesian government misinterprets the meaning of NPFM reform’s generally accepted principles, i.e. market-oriented mechanism, budgeting process, performance management, financial reporting and auditing system. The misinterpretation in Indonesian public reforms can be termed as confusions which mean or inconsistencies between conceptions in developing a framework which to underpin Indonesian reforms and generally accepted NPFM precepts. The results of this study will be useful in term of providing early indications of causes why for Indonesian public reforms may lead to paradoxes and contractions between the planned (expected) and actual results in Indonesian public sector reforms. Also, the Indonesian experience in implementing NPFM reform may be useful in implementing public sector reforms in other emerging economic countries. This paper shows that the Indonesian public sector reforms have transformed the systems of budgeting, accounting and financial reporting, auditing, and performance evaluation so that they are now central to the be significant locus in the Indonesian government.

**Keywords:** public reform, accountability, accrual accounting, performance management