

IS BALI DOING AS WELL AS IT SHOULD BE?

By Lia Collinson

For the Balinese, tourism is both a blessing and a curse. Severe poverty has been almost wiped out and the percentage of poor people living in Bali continues to decline. However, the growth has come at a cost: as more and more tourists swarm into the country, Bali's resources are becoming overwhelmed threatening the natural beauty, which once led Bali to be glorified as a surfer's paradise.

So the question must be asked: Is Bali doing as well as it should be?

Firstly, it is important to note how important tourism has become for the Balinese economy. Tourism is Bali's greatest economic source contributing to about 30% of Bali's Gross Regional Domestic Product (GRDP).¹ In 2010, tourism was also the second greatest sector of employment: 571, 274 people were employed in the tourism industry (that's just under a quarter of the work force).²

Dr Hal Hill Professor of South East Asian Economies at the Australian National University (ANU) is confident tourism will continue to thrive in Bali.

"Tourism is one of the fastest growing sectors globally and Bali has already established itself on the map", Dr Hill says.

During the global financial crisis tourism was probably the most resilient form of income in Indonesia," he says.

At the same time, Bali's tourist market is becoming more diversified with an increasing number of domestic tourists visiting the island.

Even after the Bali Bombings in 2002, when foreign tourism fell away, the industry subsisted thanks to the large number of domestic tourists who flocked to Bali because there were so many great bargains to be had, Dr Hill says.

When you compare Bali's economy with its neighbouring islands in West Nusa Tenggara, the benefits of tourism are clear. The percentage of poor people in the area is four and a half times greater than Bali. Only 4.2 % of Bali's population is

¹ "Gross Regional Domestic Product (GRDP) of Bali Province at Current Market Prices by Industrial Origin, 2008 - 2010 (billion rupiahs)" *Badan Pusat Statistik Provinsi Bali*.

² "Number of Population Aged 15 Years and Over Who Worked During Previous Week by Industrial Origin and Sex in Bali Province, 2010", *Badan Pusat Statistik Provinsi Bali*.

considered “poor” whereas in west Nusa Tenggara this figure rises to 19.73%, according to the Indonesian Bureau of Statistics.³

But before Bali became the tourist hotspot that it is today, the situation was very different.

“Bali has had a remarkable transition from being one of the poorest to one of the richest provinces in Indonesia,” Dr Hill says.

“If you look at indicators like education, infant mortality, nutrition, even non tourism Bali is still well above the Indonesian average and it was below the Indonesian average prior to 1970,” he says.

Tourism is not the only reason Bali is doing so well. Dr Hill attributes much of Bali’s success to the local institution known as the *banjar*. The *banjar* serves a number of important functions in Bali.

According to Dr Carol Warren from Murdoch University “the *banjar* is a ritual and social community ordinarily comprising some fifty to one hundred and fifty households.”

In her article titled *Indonesian Development Policy and Community Organisation in Bali* Dr Warren explains how the *banjar* maintains community safe, provides public facilities and works on specific projects to serve the economic and social needs of the community.⁴ It is an institution that is unique to Bali and has helped improve the standard of living.

Unfortunately, as the standard of living has risen across Bali, the income gap between tourism and non-tourism areas has also increased.

The area in the South of Bali around Denpasar and Kuta is about 6 times wealthier than other parts of Bali, Dr Hill says.

It has always been wealthier but in the past it was only two or three times wealthier, he says.

Dr Hill attributes this to the Decentralisation Laws, which came into force in January 2001.

Under former President Suharto, Indonesia was a highly centralised country. Government institutions were all based in Jakarta and Indonesia’s most important subnational units were its thirty-four provinces, Dr Hill says.

³ “Number and Percentage of Poor People, Poverty Line, Poverty Gap Index, Poverty Severity Index by Province, 2011” *Badan Pusat Statistik Republik Indonesia (Statistics Indonesia)*

⁴ Warren, Carol. 1986. “Indonesian Development Policy and Community Organisation in Bali.” *Contemporary Southeast Asia*. Vol 8, No. 3, pp 213-230

Now, Indonesia has decentralized to the district level and as a result the funds generated from tourism are not being evenly distributed across the island. The districts where tourism is most concentrated have become much wealthier than the rest of the island.

But this issue is dwarfed by Bali's looming water crisis. The Japan International Cooperation Agency (JICA) has predicted that Bali will face a water crisis in 2015 if nothing is done. And most of the blame rest on the tourism industry. According to JICA, one room in a star rated hotel requires 3,300L of water per day whereas the average person in Denpasar consumes only 220L of water per day.⁵ As over two million foreign tourists pour into Bali each year⁶, the environment is struggling to cope.

This water problem is particularly significant given the way water is valued in Balinese culture. The Balinese have many different words for water. Everyday water, *yeh*, is distinguished from *tirtha*, the holy water used in rituals and ceremonies. While *amerta* refers to water that has mythical healing powers.⁷

This reverence for water is reflected in the unique irrigation system in Bali, which is used to irrigate the rice fields.

"The flow of water is so important, in fact, that the Balinese consider it to be a holy thing, and its administration is a matter for the priests to decide", wrote Dr David Zurick in his article the *Water Temples of Bali*.

"The rice farmers are members of local cooperatives, known as subaks, and they participate in a life of ritual that weds the productivity of their farms to the discharge of water, and both to a divine order" Dr Zurick wrote.⁸

But the future of Bali's rice fields are at risk, as thousands of kilometers of agricultural land is cleared each year. From the period between 1997 and 2003 just over fifty two thousand kilometers of paddy fields were cleared.³ At the same time, the rice farmers have to compete with the tourism industry for the allocation of water resources. If Bali does experience a water crisis it could be the rice fields that are the first to go.

⁵ "The comprehensive study on water resources development and management in Bali Province in the Republic of Indonesia final report : summary report". *Japan International Cooperation Agency* : Yachiyo Engineering Co., Ltd. : Nippon Koei Co., Ltd. 2006.⁸

⁶ "Number of Foreign Tourists arriving directly by Nationality to Bali 2006-2010", *Badan Pusat Statistik Provinsi Bali*.

⁷ Elizabeth Mistry. "Bali: Going with the Flow." *Green Hotelier*.

http://www.greenhotelier.org/index.php?option=com_content&view=article&id=291:bali-going-with-the-flow&catid=27:destinations

⁸ Zurick, David. 2002. "Water Temples of Bali". *Focus on Geography*. Vol 47, Issue 2, pp 1-8.

The water shortage is one of many environmental problems caused by tourism. Dr Hill says eroding “the environmental amenities could choke off tourism”, an irony, especially when every year, so many tourists travel to Bali to experience the incredible scope of its natural beauty.

There is no doubt that the Balinese population has got wealthier from tourism and perhaps Bali is doing as well as it should be, but can it last?

There is a risk that the cycle can change and poverty will raise its ugly head again if environmental factors are disregarded.

