

An Analysis of the Implementation of Parking Management Policies in Increasing the Regional Income of Makassar City

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Abstract: *The objectives of this research are: (1) to analyze the growth of both two-wheeled and four-wheeled vehicles over the last 5 years (2007-2011); (2) to analyze the target and realization of both parking tax and retribution revenue in Makassar city; and (3) to analyze the contribution of parking tax and retribution revenue towards the regional income. The main focus of this research is performance of parking tax and retribution revenue relate with local revenue of Makassar. The contribution of parking retribution towards the regional income over the last 5 years (2007-2011) was relatively insignificant at average of 0.50 %. The contribution of parking tax towards the regional income over the last 5 years had shown higher number at average of 1.26 %. The higher contribution of the parking tax than the retribution was due to the taxation was levied monthly or annually, and the object of parking tax was focused on companies, not individual contributor, so it ran with less of irregularities.*

The main constraints in implementing the policies of parking management in Makassar city are found on: (1) management (2) skill of human resource in mapping out the target, and (3) inaccurate data/information of retribution object.

Keywords: *Parking policies, regional income*

I. Background

Globalization and reformation era are now encouraging the need for new paradigm in Local Government Administration. The reformation of Local Government Administration was first regulated in Law No. 22/1999 on Local Government and Law No. 25/1999 on the Financial Division between Central Government and Local Government. It was then completed in Law No. 32/2004 on Local Government and Law No. 33/2004 on Financial Division between Central Government and Local Government.

Autonomy Policy in which the local government was allowed to hold administration decentralization, political decentralization, and fiscal decentralization (Rochmansjah 2010, p.37). The grant in the field of budgeting aimed at encouraging and giving opportunity to each region to develop its own as well as to increase its own regional income. Regencies/cities were expected to be more innovative and creative in developing their own region, social welfare, and public services (Rasjid in Haris 2007 p.9)

The regional income of Makassar city is dominantly contributed by local tax and local retribution, including the contribution of local retribution or parking sector. Yet, the regional income contributed by that parking sector and is managed through a Local Council Working Unit namely Regional Income Department (Dispenda) of Makassar in accordance with the local regulation No. 3/2010 has not already been realized optimally. Moreover, compared to the high-growth rate of the two-wheeled vehicles over the last 5 years (2007-2011) that showed average growth of 13.14 % per annum, and the four wheeled vehicles of 9.7 % per annum, this case is still considered as the crux of the problems which is very urgent to overcome. Thus, compared to both the quantity and growth rate of vehicles in Makassar, it seems that the amount of income in parking sector is not relevant.

The main problem in the implementation of parking policies in Makassar city is obviously inseparable from the constraints on (1) the realization of retribution revenue which is not relevant with the growth rate of vehicles, (2) the low target determination in parking sector compared to the growth rate of vehicles, (3) the skill of the executors, and (4) the large numbers of irregularities found on the field (collector).

The problems detailed above are in line with Weimer and Vining's ideas (in Subarsono, 2010 p.103) who claimed that there were three factors which were best considered to gain a successful implementation of any program: (1) the logic of policies, (2) the environmental factors whereby the policies were implemented, and (3) the skill of the executors. This, once again, is in line with Cheema and Rondinelli's ideas (1983) who explained that there were four factors influencing the policies namely; (1) environmental condition, (2) inter-organizational relationship, (3) organizational resources, and (4) skill of the executors.

II. Research Method

This research used qualitative approach in attempting to observe a particular phenomenon of the implementation of parking management policies in increasing the Regional Income of Makassar city (Bungin, 2009; Moleong, 2006).

Thus, this research is mainly focused on the policies of parking management in increasing the regional income of Makassar city which will more specifically describe the following points: (1) the potential of parking tax and retribution object covering the two-wheeled as well as the four-wheeled vehicles; (2) the target and realization of parking tax and retribution revenue; and (3) the contribution of parking tax and retribution towards the regional income of Makassar city.

III. Discussion

3.1 Description of the Implementation of Parking Management Policies in Makassar City

Both parking tax and retribution is the source of regional income of Makassar city expected to hold the role as financial sources for the local government of Makassar in order to finance the development and to enhance people's prosperity.

Interestingly, the result shows that the potential of parking retribution as the source of regional income was promising enough. It was proven by the average growth rate of the two-wheeled vehicles over the last 5 years (2007-2011) of 13.14%, and the average growth rate of the four-wheeled vehicles over the last 5 years (2007-2011) of 9.7%.

The empirical data presented above should have been well utilized by PD Makassar Raya in order to increase the contribution of parking retribution towards the regional income. Unfortunately, PD Makassar Raya seems to have no capability to take the opportunity by optimizing the retribution revenue.

3.2 Target and Realization of Parking Retribution of the Public Roadside in Makassar City over the last 5 Years (2007-2011)

The overviews of parking retribution target and realization of the public roadside in Makassar city over the last 5 years is shown in the following table:

Table 1 Target and Realization of Parking Retribution of the Public Roadside in Makassar City (2007-2011)

No.	Years	Target	Realization	Percentage (%)
1	2007	Rp.2.763.500.000.-	Rp. 2.974.771.875.	107,65
.	2008	Rp.3.678.292.500.-	Rp. 3.694.486.150.	100,44
2	2009	Rp.4.369.300.500.-	Rp. 4.585.913.751.	104,96
.	2010	Rp.5.550.531.000.-	Rp. 5.617.631.630.	101,21
3	2011	Rp.7.760.000.600.-	Rp. 7.764.300.600.	100,06
.	4			
.	5			

Source: adapted from the profile of PD.Parkir Makassar Raya, 2011.

The result shows that the parking retribution revenue (parking service) had been levied by PD Parkir Makassar Raya. Furthermore, considering the realization of target planned at the beginning of program, it is deemed to be successful, since both the realization and target over the last 5 years (2007-2011) was above 100%.

However, surveyed from the contribution of the parking retribution towards the regional income of Makassar city, it is regrettably deemed to be unsuccessful for the parking retribution only occupied the ninth position of ten retribution sources levied by the Local Government of Makassar City. PD Parkir Makassar Raya was attempting to set the target of parking retribution revenue by reckoning upon the potential of respective revenue, particularly the parking retribution revenue in which PD Makassar Raya made addition and expansion on the parking areas.

Besides, it is also important to notice the analysis of achievable parking retribution revenue in the previous year by adding the percentage. After analyzing the target, the executive party then is required to make a Revenue Plan wherein the predetermined revenue target is considered rational to be achieved in the next year budgeting. Hence, the revenue target has been determined to be the responsibility of the Board of Directors of PD Parkir Makassar Raya for doing voting.

"The annual target determination is based on the determination and extension of parking points that can be used as parking areas. Moreover, we also consider the annual achievable realization and increase the

percentage of achievable revenues as another yard stick to determine the target of sectorial parking retribution revenue. The target determination is also grounded on the increase of efficiency in terms of operational and unexpected costs. (Interview with RM-Impl.12, March 30 2012).

In addition he explained:

“Our fundamental problem in determining the annual target is that there still some parking areas spread over Makassar city which are unlisted in the data collected by PD Parkir Makassar Raya, resulting in the divergence of the determined target and the realization in 2011. Inaccurate data collection seems to be an obstacle for the target determination of the annual parking retribution revenue” (interview, March 30 2012). Another statement was derived from another informant (AD-Impl. 11, 2012), as the managing director of PD Parkir Makassar Raya, he explained:

“In determining the annual target, we also consider the development of cities that, year by year, keeps rising. Thus, the target determination of parking retribution should be higher than the previous years are, of course after considering the available potentials according to the development of Makassar city over the last 5 years” (interview, March 30 2012).

3.3 Reanalyzing the Target of Parking Retribution Revenue

The parking retribution revenue, either the public roadside or another side, has not already shown optimum result when compared to the number of vehicles in Makassar. The result shows that the contribution of parking retribution towards the regional income of Makassar city is still very low, it is shown in table below:

Table 2 The Contribution of Parking Retribution towards the Regional Income of Makassar City (2007-2011)

No.	Year	Realization of Parking Retribution	Regional Income	Contribution (%)
1	2007	2.974.771.875,00	136.626.469.085,5	2,18
2	2008		9	0,06
3	2009	89.836.551,20*	154.911.891.959,3	0,05
4	2010		9	0,17
5	2011	82.933.950,00*	170.698.725.814,0	0,05
		357.375.572,00*	210.145.729.430,0	
		169.975.095,00*	0	
			349.339.057.325,0	
			0	

Source: The Regional Income Department (Dispenda) of Makassar City, 2012.

The table above shows that the realization of parking retribution revenue in Makassar city over the last 5 years (2007-2011) had gone in various trends. The highest contribution of parking retribution to the regional income of Makassar city was on 2.28% in 2007. Yet, it decreased sharply in the next two years to 0.06% in 2008, and 0.05% in 2009. It rose to 0.17% in 2010, then decreased again to 0.05% in 2011. Thus, the contribution of parking retribution in the last 5 years ended at average of 0.50%.

In 2011, the number of two-wheeled vehicles in Makassar came to 711.476 units, and the four-wheeled came to 168.117 units. If we are to analyze further, if only each vehicle is parked 100 times per annum, then the potential revenue will be as follows:

1. Two-wheeled: $711.476 \times 100 \times \text{Rp.}1.000,00 = \text{Rp.}71.147.600.000,00$
2. Four-wheeled: $168.117 \times 100 \times \text{Rp.}2.000,00 = \text{Rp.}33.623.400.000,00$

If only the parking retribution had been levied once a year with an annual subscription system, there would have been efficiency of budget, and what only remains to do is to calculate the salary of the park keepers. Besides, the time efficiency will be realized for the parking service users have no need to do transaction for any parked vehicle.

If the park keepers were paid based on the local minimum standard by Rp. 1.250.000 per month, then the amount of annual expenditure made by PD Parkir Makassar Raya to pay 1151 park keepers would be calculated as $1151 \text{ park keepers} \times 12 \text{ months} \times \text{Rp.} 1.250.000 = \text{Rp.} 17.265.000$. If the amount of annual income is subtracted by the amount of annual expenditure, it will be : $\text{Rp.} 104.771.000 - \text{Rp.} 17.265.000 = \text{Rp.} 87.506.000$. It means that the annual contribution of parking retribution that is possible to achieve by PD Parkir Makassar Raya will be Rp. 87.506.000 (it is now higher than the Local Retribution in which, in 2011, came to Rp.66.549.806). This subscription-parking system had been implemented in Sidoarjo Regency and was optimally implemented in 2009. The implementation of this system was trusted to have contributed significantly enough towards the regional income of Sidoarjo Regency. In 2010, the subscription-parking retribution reached Rp. 18 billions, whereas it increased in 2011 to Rp. 20.258.103. The same case was found in Batam city,

according to the local regulation (Perda) No. 1/2012 on Subscription-parking. In implementing the regulation, the annual regional income is targeted to reach Rp. 25 billions by 40% of the listed vehicles.

3.4 Reanalyzing the income of Parking Tax

Parking tax is one of the financial sources contributing towards the regional income of Makassar city expected to serve a positive contribution towards the regional income of Makassar City, however, with reference to the result of the research, it is revealed that the parking tax has not given any significant contribution towards the regional income of Makassar City. The description on the contribution of the parking tax of Makassar City is presented in the following table:

Table 3 Contribution of Parking Tax towards the Regional Income of Makassar City (2007-2011)

No.	Year	Realization of Parking Tax	Regional Income	Ratio (%)
1	2007	1.882.946.240,00	136.626.469.085,	1,38
2	2008	2.033.815.400,00	59	1,31
3	2009	2.054.544.900,00	154.911.891.959,	1,20
4	2010	2.505.943.805,00	39	1,19
5	2011	4.600.259.625,00	170.698.725.814,	1,32
			00	
			210.145.729.430,	
			00	
			349.339.057.325,	
			00	

Source: The Regional Income Department (Dispenda) of Makassar City, 2012.

The table above shows that the contribution of parking tax towards the regional income is still considered relatively low. The parking tax only occupies the seventh position of ten revenue resources levied on the sector of regional tax. The low contribution derived from the tax revenue is presumed to occur due to the identification of taxpayers has not gone as expected, up to December of 2011, the number of taxpayers who had been identified and registered only around 142 taxpayers, but actually the number of taxpayers would have been increased if the officer of the Regional Income Department had worked proactively to list those unidentified taxpayers. Furthermore, by the increase of the taxpayers in Makassar, the revenue submitted from the private sector would have been increased as well.

In 2010, the number of two-wheeled vehicles in Makassar city reached 711.476 units, and the number of four-wheeled vehicles reached 168.117. If it was assumed that each of the two-wheeled and the four-wheeled vehicles operating in Makassar to be levied annually by 30%, and for every single vehicle was assumed to have been parked 100 times a year (365 days) with the standard tariff of Rp. 2000/park for the four-wheeled, and Rp. 1000/park for the two-wheeled, so the potential of tax revenue possibly derived by The Regional Income Department of Makassar would be:

1. The two-wheeled: $711.476 \times 100 \times 1.000,00 \times 30\% = \text{Rp. } 71.147.600.000,00$
2. The four-wheeled: $168.117 \times 100 \times \text{Rp. } 2.000,00 \times 30\% = \text{Rp. } 33.623.400.000,00$

Whereas in fact, in 2010, the revenue of parking tax recorded by The Regional Income Department of Makassar City with private facilities only reached Rp. 2.505.943.000. It was absolutely far from the available potential of the parking tax (only 0.80%).

The success of both taxation and retribution policies lies on the extent to which the implementation of policies can be implemented by a levy agency (collector), and on the objects accepting the parking service. If analyzed further, the potential of either the two-wheeled or the four-wheeled vehicles in Makassar city is promising enough to be an object of both parking tax and retribution revenue. However, the governance seems to have no capability to optimally govern the available potential. This case, by Dunsire (1967) Wahab (1991, p.47), was explained that a process of policy would always summon the possibilities of gap between what was planned by the policy maker and what should be achieved (implementation gap). The wide of the gap, as stated by Walter Williams (1971), largely relies on what so-called "implementation capacity" of an organization/an actor/a community trusted to govern the implementation of the policies.

In addition, Dunsire (1978) asserted that the implementation capacity means the capability of an organization/an actor to implement the policy decision so that there is a guarantee for the objective and the target which had been determined in the formal document of achieved policies.

IV. Conclusion and Research Implication

4.1 Conclusion

1. The potential of both parking tax and retribution as the source of regional income was promising enough. It was proven by the average growth rate of the two-wheeled vehicles over the last 5 years (2007-2011) at 13.14%, and the average growth rate of the four-wheeled vehicles over the last 5 years (2007-2011) at 9.7%. Even though, the promising potential is not followed by a relevant consideration between the target determination and the growth rate.
2. Both the target and realization of parking tax and retribution had exceeded the planned target. It was due to the low target determination for each year.
3. The contribution of parking retribution towards the regional income over the last 5 years (2007-2011) was still relatively insignificant at the average of 0.50%, whereas the contribution of parking tax towards the regional income was much higher at the average of 1.26%. The higher contribution of the parking tax than the parking retribution was due to the taxation was levied monthly or annually, and the object of parking tax was focused on companies, not individual contributor, so it ran with less of irregularities.
4. The result of the research leads to a fact that the levy system of parking retribution seems to be ineffective and inefficient when directly levied on individuals. Such way of levying can possibly engender some irregularities. Thus, levying the tax and or the retribution annually/monthly will be much more effective and efficient.

4.2. Research Implication

4.2.1 Theoretical Implication

The finding is in line with Weimer and Vining's ideas (2010) who stated that there were three factors which were best to consider to gain a successful implementation of any program: (1) the logic of the policies, (2) the environmental factors whereby the policies were implemented, and (3) the skill of the executors. This, once again, is in line with Shabir and Rondinelli's ideas (1983) who explained that there were four factors influencing the policies namely; (1) environmental condition, (2) inter organizational relationship, (3) organizational resources, and (4) skill of the executors.

4.2.2 Practical Implication

1. The result of this research, for The Regional Income Department (Dispenda) and PD Parkir Raya Kota Makassar, is expected to be a positive clue in planning and implementing the parking management policies in order to increase the regional income of Makassar city.
2. Both The Regional Income Department and PD Parkir Raya Makassar is required to find an appropriate method/way in levying the parking tax and retribution in order to increase the regional income of Makassar city.

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