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Analysis of Parking and Market Service Levies Potential for The Improvement of Regional Autonomy in Surakarta

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ABSTRACT

Parking and market service retributions are parts of the public service levies, where the contribution of public service levies to the total amount of levies of Surakarta in 2015 was 41.42%. During 2009 -2015, the average contribution was 51.56% and the figure is constantly increasing. Retribution with the highest contribution was market services with 38.12%, while roadside parking stood at 16%.

Based on the matrix of potential public service retribution, roadside parking is at *potential* condition while market service is categorized as *prime*. Analysis of potential parking retribution is performed using primary data obtained through observations of 18 road waypoints in Surakarta for four days from 8 AM to 9 PM. In addition, observations were also conducted on parking activities in 27 traditional markets in Surakarta. Meanwhile, the data of market service retribution was obtained from 43 markets in Surakarta.

Based on the potential calculation, the potential of roadside parking retribution and market parking in optimum condition is IDR 6,502,420,800 per year, and in normal condition is IDR 4,876,815,600. The target for parking retribution that can be achieved on the assumption of 80% of the optimum condition is IDR 5,201,936,640 and IDR 3,901,452,480 of the normal condition. Meanwhile, the calculation of the potential market retribution in Surakarta is IDR 13,504,341,344 per year.

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1. Introduction

The biggest contributor to regional own revenue (Pendapatan Asli Daerah, or PAD) of Surakarta was local taxes with 62.52%, followed by other legitimate PAD with 21.70%, local retribution with 13.74% and the result of local asset management with 2.03% in 2015. Looking at the economic structure of Surakarta, which relies on trade, hotels and restaurants, it is only natural if local tax revenues became the biggest contributor. However, the potential of local retribution can still be improved by broadening the retribution bases.

The total amount of Surakarta retribution from 2009 to 2015 saw an increasing trend, except for 2015, when it decreased by 18.64%, with an average growth of 11.01%. Retribution is categorized into public service, business, and special licensing levies. Public service is the biggest contributor in Surakarta.

The average growth of public service retribution from 2009 to 2014 was 6.90% with 2011 seeing the highest growth at 21.13%, while 2015 the lowest decline at 30.23%. The causes of such decline were changes in the retribution sources due to policy changes such as 180 degree roadside parking system, market revitalization, and transfer of bus terminal retribution from local to central government.

Roadside parking and market service retributions are parts of the public service levies that can potentially continue to grow. Parking retribution grows on average by 11.30%. The amount of the parking levy in 2009 was IDR 1.91 billion. During 2009-2015, the highest growth was recorded in 2012 with 51.51% and realized at IDR 3.16 billion. However, in 2015 this value decreased by 1.46% with realization of IDR 3.4 billion. The potential of parking retribution in Surakarta can still increase as the number of motor vehicles in Surakarta increases by 15% per year. Data obtained from Kontan (2015) states that the number of vehicles with Surakarta license plate was 470,000 units, and 2.5 million vehicles are moving in and out of Surakarta every day.

Market service retribution in Surakarta in 2015 reached IDR 9.35 billion from 43 traditional markets. However, the amount actually decreased by 19.18% compared to 2014. Compared to other public service retributions, market service has the lowest growth but the greatest contribution. Based on the matrix of potential public service retribution, roadside parking is at potential condition while market service is categorized as prime. Market service

is one of the main sources of local revenue that needs to be maintained, and even enhanced, while the parking needs to be properly kept to sustain the growth.

2. Literature Review

The implementation of regional autonomy and financial decentralization in Indonesia is increasingly evident after the enactment of Law No. 32 of 2004 on Regional Government and Law No. 33 of 2004 on Fiscal Balance between Central Government and Local Governments. Delegating authority to regions has encouraged the rise of local taxes and levies related to various aspects of community life. Since Indonesia's independence, levy has been one of reliable sources of local revenue. Law No. 28 of 2009 on Local Taxes and Charges states that local charges, hereinafter referred to Charges, shall mean Local collections as payment for services or granting of certain permits specifically provided and/ or given by the Regional Government for the interests of private persons or Entities (Kaho, 1997: 59).

Local revenue consists of taxes, charges and other legitimate revenues, depending on several variables such as (1) The Macroeconomic Condition concerning Gross Regional Domestic Product (GDP), population and revenue per capita, (2) The Microeconomic Condition concerning the categories of revenue: taxes, charges or other revenues; and (3) Impact of changes in laws and regulations, in which the central government and local governments play a key role on the PAD especially charges.

Several interrelated elements must be considered in the financial relationship between central and local government or fiscal decentralization. Sequentially, the four pillars that need to be considered in the context of fiscal decentralization include: (1) The assignment of expenditure responsibility; (2) The assignment of tax resources: When the local government is given responsibility for certain expenses, taxes and non-tax sources of what can be managed by local governments; (3) Inter-governmental fiscal transfer: In order to increase local revenue sources, the government needs to provide additional sources of revenue to local governments through transfers and subsidies; (4) Subnational deficit, borrowing and debt: If local governments are not careful in balancing their expenses and revenues each year, the budget deficit in the region will occur and the region became burdened by debt.

Retribution in Indonesia includes public service, business service and certain permits charges. According to Law No. 28 of 2009, parking and market service charges are categorized as public service. Public Services mean services provided or given by the Regional

Government for the purpose of public interest and use that can be enjoyed by private persons or Entities.

3. Research Methodology

Research on the potential of market services and parking charges is used to support PAD increase in Surakarta. This analysis uses primary data obtained through observation of 18 road waypoints in Surakarta for four day from 8 AM to 9 PM. In addition, observations were also conducted on parking activities in 27 traditional markets in Surakarta. The calculation of the potential market service retribution was carried out using data provided by the Department of Revenue, Finance and Asset Management (DPPKA) of Surakarta and direct observations in 43 markets.

The formula to calculate the potential of road parking charges:

Potential of parking retribution = Frequency of Vehicle Parking x parking tariff

Market services retribution was collected from the traders for the use of market facilities and permits placement by the district/city. It consists of the placement permit, kiosk, ground space, and parking lot retribution. According to Sunarto (2005), market service charge is a charge imposed on merchants by the local government as payment for the use of places such as shops / kiosks, counters / stalls, ground space, and the market yard provided inside the local market area or other merchants who are on around the market within a radius of 200 meters from the market. Below is the formula to calculate the potential of market service retribution:

Potential of Market Service Retribution = [(Total Kiosk x Retribution fee) + (Total Counter x Retribution fee) + (Number of Street Vendors x Retribution fee)] + Sanitation Retribution) [Σ Monthly Activities x 12]

4. Results and Discussion

The revenue realization of parking retribution during 2009 - 2015 has increased. In 2009, the revenue from roadside parking was IDR 1.9 billion and in 2015 it jumped to IDR 3.39 billion. Several provisions are implemented for the management of parking. Parking service management receives 20% of the parking revenue potential, while the parking attendant receives 25%. Parking service management is obliged to hand 40% of the parking revenue potential to the Mayor through government agency according to the agreed and signed contract and provide social security and other rights to the parking attendants amounted to 15% of parking revenue potential.

Table 1. Parking Retribution Potential in Surakarta

Vehicle types	ZONE C	ZONE D	POTENTIAL	POTENTIAL FOR 1 YEAR	
	1 Day (units)	1 Day (units)	1 Day (IDR)	OPTIMUM (IDR)	NORMAL (IDR)
Motorcycle	2,697	18,979	33,862,500	3,900,960,000	2,925,720,000
Car	1,384	6,684	17,518,000	2,018,073,600	1,513,555,200
Pick up car	118	1,372	3,097,000	356,774,400	267,580,800
Bus / Truck Medium	29	410	1,576,625	181,627,200	136,220,400
Bus / Truck Large	6	64	390,500	44,985,600	33,739,200
AMOUNT			56,444,625	6,502,420,800	4,876,815,600

Source: Primary Data (2015)

Based on the calculation, the potential of roadside parking and market parking retributions is calculated to reach IDR 6.50 billion per year in optimal condition, and IDR 4.87 billion in fair condition. The target amount can be determined based on the potential but with certain assumptions and considerations. Based on research conducted by the Ministry of Finance, the target can be determined as much as 80% of the potential. Thus, the target that can be achieved for parking retribution based on the assumption of 80% of the potential may reach IDR 5.20 billion in optimal condition and IDR 3.90 billion in normal condition.

The greatest realization of market retribution during 2009-2015 occurred in 2011 with IDR 12.07 billion. However, the trend in 2012, 2013 and 2015 decreased because many markets were being revitalized so that the retribution only reached IDR 9.35 billion in 2015. Traditional markets in Surakarta are divided into six classes: IA, IB, IIA, IIB, IIIA and IIIB where IA represent the highest while IIIB the lowest class. Markets in IA class are open for trading activities from early morning to evening, while markets in IIIB class only opens for business from early morning to afternoon. Based on the classes, six markets are categorized as IA, four markets as IB, 12 markets as IIA, nine markets as IIB, 7 markets as IIIA and five markets as IIIB in Surakarta.

Table 4.2. Market Retribution Potential in Surakarta

Classes	DAILY POTENTIAL	YEARLY POTENTIAL
IA	13,077,304	5,433,363,067
IB	6,479,332	2,364,956,246
IIA	2,565,278	859,192,755
IIB	2,421,029	848,757,557
III A	816.765	298,119,067
IIIB	1,751,310	639,227,828
AMOUNT	27,111,018	10,443,616,520

Source: Primary Data (2015)

The highest market service retribution for IA class was contributed by Legi Market with 38.84%; for IB, Harjodaksino Market with 43.24%; for IIA, Gading Market with 20.09%; for IIB, Chicken Market with 25.58%; for IIIA, Ngemplak Market with 34.04%; and for IIIB, Old Iron Market with 69.94%.

The growth of traditional markets in Surakarta is threatened by the development of modern markets which are rapidly growing. According to data from the Association of Indonesian Traditional Market Traders (*Ikatan Pedagang Pasar Tradisional*, or IKAPPI), the number of modern markets in Indonesia in 2007 was 10,365, and this figure increased to 18,152 in 2011 and surged to 23,000 in 2014. The Government of Surakarta has revitalized several traditional markets to improve their competitiveness. One of the revitalization consequences is a reduction in the number of kiosks and stalls used for public facilities and thus impact on the revenue of market service retribution. To overcome this, the government determines and manages the revitalized markets for new destinations such as cultural tourism with improved and complete facilities. These improvements will increase visits by people from outside the area and thus grow the traders' income so that in the long term will move the markets to higher market classes. This means that the market service retribution will also see an increase.

The revenue of market retribution is not only obtained from market service and city sanitation (*Retribusi Kebersihan Kota*, or RKK) and parking levies, but it is also derived from the revenue of advertisement installed in the markets. If the potential of all these retributions are added together, the potential of market retribution will reach IDR 13.50 billion, which is derived from IDR 10.60 billion of market service, IDR 0.76 billion of RKK and IDR 2.14 billion of parking levies.

5. Conclusion

Two main things influence the Regional Own Revenue particularly retribution: macro condition that illustrates the effect of conditions in Central Java, national, and global on the economy of Surakarta; and micro condition or the condition of the retribution revenue sources and the legislation and policies at national and regional levels. Based on the observations, two main constraints that hamper retribution revenue were found: lack of awareness on legislations regarding retribution and the increased desire of people to live in comfortable public spaces leading to a reduction in the spaces used as retribution sources.

Retribution revenue in Surakarta has been relatively optimal, but local governments need to revise or amend local regulations regarding the determination of tariff, by considering the *willingness to pay* of the community.

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