

## **Parking Management Policy for Private Parking Companies in Maximizing Regionally-Generated Revenue of Makassar City**

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**Abstract** This study aims to describe the parking potential in Makassar city and the ability of the private parking companies to maximize the regionally-generated revenue of Makassar city. The data was collected from the informants including private parking companies and Bapenda (Regional Revenue Office) of Makassar city, which was then analyzed using qualitative analysis. The results of this study show that the parking potential in Makassar city managed by private companies as the third party includes 40 banks, 48 hotel and guesthouses, 63 offices, 19 stores, 29 restaurants and cafes, and 6 hospitals. This parking potential has not been developed maximally because not all of them use parking facilities provided by Bapenda of Makassar city as an office that manages local tax. Taxes collected by Bapenda in the last three years showed that tax revenue in 2014 was Rp. 12.165.760.698 or 81.0% of the target, in 2015 was Rp. 14.135.228.637 or 80.0% of the target and in 2016 was Rp. 14,648,379,035 or 73% of the target. This data indicates that tax revenue increased each year, but the percentage of the realization of the target decreased. This proves that every year, the number of parking lot users is increasing. However, there are still many public complaints about parking management, such as illegal parking. In other words, the revenue almost reached the target but the government supervision and control was considered to be lacking

**Keywords.** Parking Potential, Parking Tax, Regionally-Generated Revenue

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### **I. INTRODUCTION**

Makassar city has the potential as a strategic transit area in the eastern part of Indonesia as a city of business and commerce. In addition, Makassar is also famous as one of the tourist destinations and education city in eastern Indonesia. This condition causes an increase in the number of visitors to the city with various purposes, such as education, trade and job seeking so that the city is getting more crowded by vehicles running on the street, resulting in high level of congestion, especially on the main roads.

The development of transportation in the city of Makassar from year to year increasingly shows a significant increase, at least slightly forcing the city government to organize the pattern of vehicle paths that show high level of density. This is influenced by the number of vehicle ownership that has increased significantly each year. For example, data obtained from the One Roof Administrative System (Samsat) of Makassar City reveals that the number of vehicles in 2013 increased by 2% to 5%.

One of the main problems in urban transportation is parking. Any activity that triggers traffic jams (which is carried out in public facilities such as super markets, malls, theaters, hotels, offices, etc.) always needs parking space for vehicles. In big cities, parking becomes a promising business because of limited land. In addition, representative parking lots are needed due to the increasing number of vehicles.

Parking in general is a problem experienced by major cities in the world that will affect the various sectors of urban development if not handled properly, especially traffic activity of the highways. In dealing with it, an appropriate government policy is needed, especially on parking management as it will have an impact on public service and regional economic growth.

Lack of parking spaces in certain areas in Makassar city causes roadside to be an alternative parking place. Generally, vehicles parked on the roadside are located around the center of city activities such as offices, schools, economic centers or CBD (Central Business District) trading centers. This indicates that the condition of parking in Makassar city is not adequate because of the lack of permanent parking areas and supporting

parking facilities such as parking signs, parking markers, and tariff boards. This condition results in low level of service quality to consumers who own vehicles, which affects the parking retribution.

Seen from the political economy approach, the parking management of Makassar city contributes greatly to the increase in regionally-generated revenue (PAD), but the results are not as expected. Parking has not been fully controlled officially by the government of Makassar city. Parking management has economic potential in terms of maximizing local government revenue. The implementation of regional autonomy has a consequence in the form of the need for efforts to explore the local revenue potential to improve the local government revenue. These efforts are carried out by knowing and managing the real potentials of PAD sources, such as the parking retribution of Makassar city.

The Regional Regulation No. 17 of 2006 mentions that the management and supervision of all commercial parking lots are done by the Regional Parking Company (PD Parkir). The Government Regulation No. 20 of 1997 on parking retribution in congestion-prone areas states that in an effort to control the level of parking usage, parking tariffs can be set higher in congestion-prone areas than in areas less prone to congestion. The determination of the retribution tariff is left entirely to the local government as a consequence of regional autonomy.

To realize meaningful regional autonomy, regional financial capability is the main factor that can show whether a region is capable of being autonomous. Self-supporting economic system is one of the requirements for the implementation of regional autonomy. It means that autonomous regions have the authority and ability to explore financial resources, manage and use their own resources that are sufficient to finance the implementation of regional development. This financial support is characterized by an increase in value of PAD and a decrease in central government support in the form of donations/aids. Law No. 33 of 2004<sup>[1]</sup> states that local government revenue sources include local taxes, regional retribution, separated wealth management results, and other legitimate PAD.

Tax is a compulsory levy that must be paid as a form of contribution to the state by various agencies and business entities as they will be sanctioned if they ignore this obligation. The management of parking tax as one of the local revenue (PAD) sources is done by Bapenda (Regional Revenue Office) of Makassar city.

According to Law No. 28 of 2009<sup>[2]</sup>, local taxes and regional levies are established in each regency/city, which are organized on the basis of broad, real and responsible autonomy, including parking taxes stipulated in Makassar City Regional Regulation No. 3 of 2010 on Parking Tax as one revenue source that can maximize regionally-generated revenue (PAD) collected from the community.

Parking tax issues, especially those in Makassar city, seem to be an endless problem, ranging from management and revenue to parking levies.

## **II. THEORETICAL FRAMEWORK**

### **1. Definition of Parking**

According to the Decree of the Ministry of Transportation No.: KM 66 of 1993<sup>[3]</sup> on Public Parking Facilities Article 1 and the Decree of the Ministry of Transportation No. 4 Th. 1994<sup>[4]</sup> on the definition of parking, (1). Parking is a non-moving state of a vehicle that is not temporary; (2). Off-street parking facilities are parking facilities made outside a public street that can be in the form of parking lot and/or parking building; (3). Public parking facility is a parking facility outside the street, such as a parking lot or a parking building designated as a stand-alone business by providing parking services for the public.

Parking management is based on Law Number 14 of 1992 on Road Traffic and Transportation Article 11 9: (1) To support the safety, security, order and smoothness of traffic flow and road transport, public parking facilities may be provided. (2) Public parking facilities as referred to in paragraph (1) may be provided by the Government, Indonesian Legal Entity, or Indonesian citizens.

### **2. Legal Basis of Parking Management**

- a. Parking management is based on:
- b. Law Number 34 of 2000 on Amendment to Law Number 18 of 1997 regarding Local Taxes and Levies.
- c. Government Regulation Number 66 of 2001 on Retribution.
- d. Regional Regulation of Makassar City Number 5 of 1999 Concerning Establishment of Regional Parking Company (PD. Parkir) Makassar Raya of Ujung Pandang Second-Level Region.
- e. Regional Regulation of Makassar City Number 17 of 2006 Concerning Management of On-Street Parking in Makassar City area.
- f. Decree of Makassar Mayor Number 7040 of 1999 on the Organizational Structure and Administration of Regional Parking Company Makassar Raya of Makassar City.
- g. Decree of Makassar Mayor Number 736 of 2000 on the Delegation of Parking Management and Collection of Parking Retribution within Makassar city area to the Regional Parking Company Makassar Raya.

- h. Decree of Makassar Mayor Number 64 of 2001 on Determination of Parking Area on Public Street, Special Parking Area, Monthly Subscription Parking, and Procedure of Parking Retribution Collection.

### **3. Kinds of Parking Space**

Based on the Decree of Makassar Mayor Number 64 of 2001 on Determination of Parking Area on Public Street, Special Parking Area, Monthly Subscription Parking and Procedure of Parking Retribution Collection., there are three kinds of parking space as follows:

1. Pure public roadside parking space- all parking spaces in every public road side that has been determined based on the Mayor's Decree.
2. Incidental parking spots/special spaces, divided into 2 (two):
  - a) Routine and incidental parking space, which is a parking space located on a business entity, such as Hotel, Port, Restaurant, Stores, Asindo (Panakkukang), Alaska, and Monthly Subscription Parking.
  - b) Impromptu and incidental parking space, which is a temporary spot and provided at a certain time which can be caused by temporary activities such as music festivals so that the density of parked vehicles on the roadside increases.
3. Commercial parking space, which is a parking space located on the border area of Makassar City.

### **4. Regionally-Generated Revenue**

The definition of regionally-generated revenue is based on Law no. 33 of 2004<sup>[1]</sup> concerning the financial balance between the central and regional government Article (1) that "regionally-generated revenue, hereinafter referred to as PAD, is income derived and levied according to regional regulations in accordance with the law.

According to Warsito (2001: 128) " PAD refers to revenue sourced or levied by the local government." Source of PAD consists of: Local Taxes, Regional Retribution, profits from regionally-owned enterprises (BUMD), and other legitimate sources.

Meanwhile, according to Rachmat (2005: 38)<sup>[5]</sup>, PAD is defined as "regional income derived from local taxes, retribution results of separated regional wealth management, and other legitimate PAD in terms of funding the implementation of regional autonomy as an embodiment of the principle of decentralization ".

### **5. Parking Tax**

According to Sihan (2008: 409)<sup>[6]</sup>, parking tax is a tax for off-street parking lots, which are provided as a kind of business. This tax is imposed by a regency/city. This tax can be specially tuned to improve the quality of service gradually and continuously, and at the same time create good governance and clean government. Some types of local tax revenue shall be allocated to mark the development of facilities and infrastructure, which can be enjoyed directly by taxpayers and the whole community.

The definition of parking and parking tax is described in Law No. 28 of 2009 on general provisions of Article 1 Clause (31): parking is a non-moving condition of a vehicle that is not temporary.

The name, object and subject of the parking tax are explained in the regional regulation of Makassar City No. 3 of 2010 on parking tax.

- a) Parking tax is the tax collected on the implementation of the parking lot.
- b) The objects of parking tax include off-street parking spaces.
- c) The subjects of the parking tax are individuals or groups who park their vehicles.
- d) Parking taxpayers are those who provide a parking space.

### **6. Regional Retribution In Maximizing Regionally-Generated Revenue**

Local tax and regional retribution are the two main components of the PAD. Local tax and regional retribution are an important source of regional revenue to finance the administration of regional government and regional development.

In implementing their programs, local governments need financial sources. One of local government financial sources is regionally-generated revenue. Thus, the financial management by the local government should be done optimally in order to achieve the targets that have been planned. Regional finance has the following objectives:

- a) Ensuring the availability of regional finances for the financing of regional development;
- b) Improving regional financial management that meets the principles, norms, and accounting standards;
- c) Increasing regional revenue creatively through potential exploration, intensification and extensification.

PAD, which is one source of local revenue, should be optimized so that the regions do not depend much on the central government, although in fact local governments still need central government financial aid, especially if their income is still low.

Regional retribution constitutes one of the regional revenue sources and is one form of community participation in the implementation of regional autonomy. With regional retribution, local governments are expected to manage their finances for the implementation of governance and regional development.

## **7. Political Economy Approach**

The Political Economy Approach is considered to be better, especially in analyzing events and phenomena that blend economy and politics. Proponents of Political Economy such as Dorodjatun Kuntjoro Jakti suggests that the approach of Political Economy, especially Institutional Political Economy, should be more noted by a number of social scientists, including economics, and, if possible, the quality of political economic analysis techniques should be further enhanced. Therefore, academics who use the Political Economy approach should not stop at analysis and a set of economic variables or parameters when trying to understand an economic or political event, but in addition must also strive to investigate the actors involved in the movement of variables or parameters, and do not forget to examine the social and political structures that connect one actor to another.

The economic performance of a country is determined by many factors, and three of the most crucial are: (1) economic policies implemented by the government, (2) the environment in which the economy operates, and (3) the political economy system used.

## **III. RESEARCH METHOD**

This research is a qualitative research with descriptive approach that aims to describe parking tax management of private parking companies. Research design provides an overview of the procedure for obtaining the information or data required in this research.

Data collection in this research was done using the following techniques:

- a. Observation- a research activity by doing direct observation.
- b. Interviews- data collection technique that is done directly to the staff of the Regional Revenue Office of Makassar city, especially parking tax collection division.
- c. Documentation- a technique of collecting and selecting data needed to be used as research data.

Data in this research were analyzed using qualitative analysis which describes some problems and explains the problems through the results of this research.

## **IV. ESULTS AND DISCUSSION**

### **1. Parking Management Potential of Private Parking Companies**

Private parking companies have an obligation to pay taxes on the parking business that they manage in accordance with the provisions of Law Number 18 of 1997 on Regional Taxes and Retribution that has been amended by Law Number 34 of 2000 on Amendment to the Law Number 18 of 1997. Furthermore, Law Number 34 of 2000 has been followed up with Government Regulation No. 65 of 2001 on Regional Taxes that Parking Tax is one of the sources of regionally-generated revenue (PAD).

The parking tax management in Makassar city to support the PAD is done in accordance with the laws and regulations as stated by the head of billboard, parking and regional retribution subdivision:

*"Parking tax revenue is regulated in Regional Regulation No. 3 of 2010. 30% of transaction value is calculated as tax. For example, when a consumer pays Rp. 10.000, Rp. 3.000 is deposited to the regional cash office as a parking tax. So, what BAPENDA has done every month is asking taxpayers to submit their transaction report, which is then cut by 30% to be deposited to BAPENDA". (March 06, 2017)*

To increase the potential income of parking tax every year, BAPENDA always provides support to the taxpayers. As further added by the head of billboard, parking and regional retribution subdivision that:

*"The determination of tax potential is also strongly supported that the potential for parking tax increases every year. In this case, the number of taxpayer increases in every subdistrict". (March 07, 2017)*

Based on the informant's opinions above, the researcher concludes that the potential of parking tax in Makassar city is actually very high and very possible to increase because there are still many locations that are controlled by third party, which are actually potential to become taxpayers, and also because there are many new taxpayers that have not been registered with Bapenda of Makassar city.

Some parking taxpayers managed by the Regional Revenue Office of Makassar city cooperate with the joining institutions. Regulation of Makassar Mayor Number 100 of 2016 regarding the position, organizational structure, duties, functions, and administration of the Regional Revenue Office that manages parking taxes includes:

#### **1. Banks**

The results of this research showed that the parking potential of banks in Makassar city is under the supervision of Bapenda, spread over 14 subdistricts in Makassar city, which amounted to 40, most of which are Bank BRI and Bank Mandiri. In this case, not all of them become parking taxpayers.

#### **2. Hotel**

Hotel has a fairly crowded parking space because the number of visitors is quite high. From the results of the research, there are 42 hotels and 6 guesthouses scattered in Makassar city, each of which provides a parking space.

3. Restaurants and Cafes

From the data obtained, there are 22 restaurants and 7 cafes that joined Bapenda in managing their parking by depositing taxes to the government of Makassar city.

4. Offices

Offices used in the process of organizing routine activities of a business have a high intensity of vehicles passing by. From the data obtained, there are 63 offices, 6 homestays, and 1 cinema.

5. Stores

There are 19 stores joining in the management of parking by private parking companies, which are large stores and have many visitors.

The above data shows that the potential parking locations in Makassar city are highly expected to be the sources of tax revenue of Makassar city government, especially those managed by private parking companies.

**2. Parking Tax Revenue of Private Parking Companies**

Tax revenue of Makassar city in the last three years is presented in this research. In 2014, parking tax was collected with a self-assessment system by giving trust to taxpayers to calculate, pay and self-report their taxes to the Regional Tax Service Office (SKPD-PPD). Parking tax collection cannot be managed by a non-legal entity or third party. Activities that cannot be co-operated with a third party are parking activities. Constraints faced in collecting parking tax at Regional Revenue Office are:

- a. There is an imbalance between the actual potential and the realization of the parking tax revenue.
- b. Parking providers are still limited so as not to increase the parking tax revenue.
- c. Lack of awareness of taxpayers in paying their taxes.

The data obtained indicates that the collection of taxes is regulated by law. However, the lack of awareness of taxpayers encourages BAPENDA to make a decision to send tax officers directly to taxpayer locations to supervise taxpayers in order to avoid tax fraud, either on service or the collection actually taking place in the field.

Detailed information on the parking tax revenue of Makassar city from 2014 to 2016 can be seen in the following table:

**Table 01.** Target and Realization of Parking Tax in 2014

No	Month	Target	Realization	%
1.	January	729.166.667	1.175.667.756	161,0
2.	February	729.166.667	1.050.021.827	144,0
3.	March	729.166.667	929.878.987	128,0
4.	April	729.166.667	1.058.383.392	145,0
5.	May	729.166.667	869.550.318	119,0
6.	June	729.166.667	975.271.419	134,0
7.	July	729.166.667	959.706.696	132,0
8.	August	729.166.667	1.032.529.773	142,0
9.	September	2.304.166.667	1.038.668.826	45,0
10.	October	2.304.166.667	971.179.125	42,0
11.	November	2.304.166.667	1.022.499.526	44,0
12.	December	2.304.166.667	1.082.403.053	47,0
	Total	15.050.000.000	12.165.760.698	81,0

Source: Regional Revenue Office of Makassar City 2017

Based on table 01, it can be seen that there are two months that have a percentage of realization that exceeds the set target, namely January with a percentage of 161% and April with a percentage of 145%.

In 2015, the realization of regional revenue increased to 14,135,228,637 with a target of 17,729,580,000 compared to 2014. More detailed information can be seen in the following table:

**Table 02.** Target and Realization of Parking Tax in 2015

No	Month	Target	Realization	%
1.	January	1.477.465.000	1.030.446.728	70,0
2.	February	1.477.465.000	1.122.419.249	76,0
3.	March	1.477.465.000	964.041.021	65,0
4.	April	1.477.465.000	1.066.611.191	72,0
5.	May	1.477.465.000	1.082.982.804	73,0
6.	June	1.477.465.000	1.153.811.169	78,0
7.	July	1.477.465.000	1.055.522.415	71,0

8.	August	1.477.465.000	1.340.828.235	91,0
9.	September	1.477.465.000	1.138.327.062	77,0
10.	October	1.477.465.000	1.046.790.051	71,0
11.	November	1.477.465.000	1.309.205.256	89,0
12.	December	1.477.465.000	1.824.243.456	123,0
	Total	17.729.580.000	14.135.228.637	80,0

Source: Regional Revenue Office of Makassar City 2017

Table 02 shows that December has a percentage of realization of 123% that exceeds the set target. From the above table, it can be seen that the realization in 2015 was greater than in 2014. The above results indicate that this strategy was still used in 2016 and the results also increased in which the realization was 14,648,379,035 with a target of 20,100,717,000. The following table presents detailed information related to this:

Table 02. Target and Realization of Parking Tax in 2015

No	Month	Target	Realization	%
1.	January	1,675,059,750	842,203,558	50
2.	February	1,675,059,750	1,284,875,440	77
3.	March	1,675,059,750	1,236,775,077	74
4.	April	1,675,059,750	1,239,008,949	74
5.	May	1,675,059,750	1,240,021,818	74
6.	June	1,675,095,750	1,363,178,083	81
7.	July	1,675,095,750	1,411,793,245	84
8.	August	1,675,095,750	1,427,500,081	85
9.	September	1,675,059,750	1,220,557,241	73
10.	October	1,675,059,750	1,143,678,124	68
11.	November	1,675,059,750	1,345,317,440	80
12.	December	1,675,059,750	893,469,979	53
	Total	20,100,717,000	14,648,379,035	73

Source: Regional Revenue Office of Makassar City 2017

Based on the above tables, it can be concluded that parking tax revenue in Makassar city increased every year even though it never reached the target that had been set. By the end of 2017, the target of parking tax revenue is expected to be achieved.

## V. CONCLUSION

Parking tax management by private companies is regulated in the Regional Regulation No. 3 of 2010 concerning potential of parking tax in Makassar city. The results of this study indicate that parking is considered very potential in supporting PAD because there are many parking locations managed by private parking companies such as banks, offices, and malls.

Tax revenue received by Bapenda in 2014 was Rp. 12.165.760.698 or 81.0% of the target, in 2015 was Rp. 14.135.228.637 or 80.0% of the target, and in 2016 was Rp. 14,648,379,035 or 73% of the target. The data indicates an increase in the number of parking locations and revenue.

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