



Driving Revenues: How Makassar Raya Parking Sets Its Financial Targets

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Abstract

This study focuses on the financial management of parking revenues in Makassar City, particularly as it pertains to the standards set by Raya Regional Parking Company, City of Makassar. The aim is to scrutinize the established revenue targets and the actual implementation of parking tariffs, considering the Local Regulation No. 17 of 2006 and the financial relationship between central and regional governments as stipulated by Indonesian Law No. 1 of 2022. The research employs a qualitative methodology to delve into the intricacies of revenue management, compliance with parking locations, and the setting of parking tariffs. Primary and secondary data sources, including interviews with officials from Makassar Raya Regional Parking Company, City of Makassar, and other stakeholders, provide a foundation for the study. The interactive and ongoing analysis model facilitates the data reduction, presentation, and conclusion processes. Findings indicate that there is a discrepancy between the set revenue targets and actual realizations, with parking tariff enforcement demonstrating weaknesses, especially with unofficial parking attendants charging inconsistent fees. The study reveals that while annual targets are based on detailed revenue potential evaluations, quarterly reviews highlight shortcomings in achieving these goals. The study suggests the need for stricter enforcement and monitoring of parking management to meet revenue and dividend targets. Implementing an electronic parking system and incentivizing attendants to meet or exceed targets may enhance performance and revenue management. The collaboration with city government can align parking regulations with strategic revenue management goals while serving public interests.

Keywords: *Public Organizations; Supervision Standards; Regional Income*

Introduction

In accordance with the Republic of Indonesia Law Number 1 of 2022 on the Financial Relations Between the Central Government and Regional Governments, Regional Own-Source Revenue is defined as revenue obtained by the Region from local taxes, regional levies, the management of regional separated wealth, and other legitimate regional own-source revenues as stipulated by prevailing laws and regulations. The purpose of Regional Own-Source Revenue is to empower the Regional Government to

finance the implementation of regional autonomy in line with the region's potential as a manifestation of decentralization.

One of the strategies for regional economic development is the utilization of a portion of parking fees (Stimson et al 2006, Litman 2016, Parmar et al 2020), which has the potential to contribute to both national and regional development when effectively and efficiently managed. The current demand from the public is for well-organized parking fee collection, especially in on street and roadside parking areas (Chalumuri 2018, Öztürk 2019, Zeleke 2022, Purnomo 2023), along with field supervision to ensure that parking services are provided in compliance with the applicable parking regulations. Parking is a fundamental need for both two-wheeled and four-wheeled vehicle owners, as they require designated spaces to park their vehicles (Martosenjoyo 2020, Batubara 2023, Amanda 2023). Parking facilities are one of the services provided by the government to the community and serve as a source of local own-source revenue from the parking levy sector on public roads.

Over the years, observing the development of Makassar city, it is evident that there have been changes in the lifestyle patterns of its residents. This has led to an increase in vehicle ownership in Makassar, as vehicle owners seek convenience in carrying out their activities. With the growing use of vehicles and people moving from one place to another, there is a corresponding increase in the need for parking spaces (Manville & Shoup 2005, Zhang & Guhathakurta 2017, Bock 2019)

Parking spaces are crucial because vehicles do not remain in constant motion; they need to stop at certain points. The imbalance between the expansion of roadways and the growth in the volume of vehicles (Hansen et al 1993, Pucher et al 2007, Nguyen 2019), as well as the establishment of numerous minimarkets, shopping centers, commercial buildings, and other types of structures without adequate parking spaces, has resulted in people resorting to using the roadside for parking. Consequently, the city government must take initiative to regulate the transportation system more effectively in Makassar. One of the factors contributing to traffic congestion is the excess volume of vehicles exceeding the road capacity, as well as the prevalence of indiscriminate parking.

Supervision of parking, particularly in Makassar, continues to face issues and challenges such as illegal parking. According to reports from Detiksulsel.com, the condition of roadside parking in Makassar is increasingly chaotic, with examples like Abdesir Street in Makassar. This situation narrows the roadways, leading to traffic congestion. Moreover, roadside parking is susceptible to unofficial fee collections by rogue parking attendants, reaching rates of Rp 10,000 per car, which contradicts regulations where two-wheeled vehicle parking is typically priced at Rp 2,000 and four-wheeled vehicles at Rp 3,000. However, special parking rates apply in some locations, such as market areas like Butung Market, Central Market, Toddopuli Market, and at other points like Boulevard Street, Perintis Kemerdekaan Street, Panakkukang Street, and Hertasing Street. From these conditions, the established standards or desired targets do not align with the actual situation.

Furthermore, there are still many unofficial parking attendants who are not registered, commonly known as rogue parking attendants. Apart from charging high parking fees, rogue parking attendants usually occupy locations that are not intended for public parking, such as the roadside and sidewalks. Quoting BugisPos.com, Makassar Raya Parking Company plans to issue official ID cards, with a total of 1,600 for parking attendants under its jurisdiction by updating data in their respective areas. Makassar Raya Parking Company will collaborate with the Indonesian National Army and National Police to act against parking attendants without official ID cards. Official parking attendants can be easily identified by their distinctive attire, whistles, ID cards, and tickets. These attributes are not present in rogue parking attendants, which indicates a deviation from the established procedures, highlighting the need for correction and improvement.

Based on the revenue data of Makassar Raya Parking Company over the past five years, the targets have not been achieved. In 2015, the target was set at Rp. 11,678,292,500, with actual realization

reaching Rp. 11,694,486,150 (100.44%). In 2016, the target was Rp. 15,000,000,000, but the actual realization was Rp. 13,638,709,300 (90.92%). In 2017, the target was Rp. 20,100,000,000, with actual realization at Rp. 16,206,736,400 (80.52%). Subsequently, in 2018, the target was Rp. 40,000,000,000, but the actual realization was only Rp. 16,827,369,900 (42.00%). Finally, in 2019, the target was set at Rp. 46,433,212,000, with actual realization at Rp. 17,692,969,570 (38.10%). The target and realization data are sourced from Makassar Raya Parking Company for the past five years. In terms of supervision stages, there is a mismatch between the achieved results and the established targets. Therefore, supervision is crucial in every activity, especially when dealing with substantial amounts of incoming funds. Based on the descriptions, this research aims to analyze the establishment of target revenue standards in Makassar Raya Parking Company.

Method

In this research, a qualitative research method was employed. Qualitative research methods encompass a set of techniques for analyzing and gaining a deeper understanding of the meanings attributed by individuals or groups to human or social issues, as described by Creswell (2015). According to Sukmadinata (2009), qualitative methods are used to describe and analyze phenomena, events, beliefs, attitudes, and social activities at both the individual and group levels.

In this study, two sources of data were utilized, namely primary data and secondary data, to obtain information relevant to the research objectives. The informants/sources of information in this study included the following: Directors of Makassar Raya Parking Company, Members of the Supervisory Board of Makassar Raya Parking Company, Makassar City Council (DPRD Kota Makassar), Makassar Regional Revenue Office (Bapenda Makassar), parking attendants, and members of the community. Data collection techniques included interviews (deep interviews) and documentation.

Qualitative data analysis, as used in monitoring the management of parking revenue in Makassar city, follows an interactive and iterative model as proposed by Miles and Huberman. This process involves three main activities: Data Reduction, where raw data from interviews and field notes are simplified. The researcher selects, focuses, abstracts, and transforms the data to sharpen and organize information, discarding non-essential elements, thus enabling the formulation of verifiable conclusions. Presentation of Data, where the reduced data is presented in structured formats, such as brief descriptions, charts, or relationships between categories. This organized presentation facilitates understanding and planning for the subsequent steps in the research. Conclusions are drawn from the data presented and continually verified during the research process. Verification may take the form of brief reflections or revisiting field notes and other findings. This entire process allows the researcher to generate deep and valid insights into the research subject.

Result and Discussion

Setting standards involves establishing revenue targets by Makassar Raya Parking Company for the purpose of comparing results, standards, and limitations on what should be done in setting standards for the next activities. The sub-dimensions in setting standards can be described through the targets and criteria set by Makassar Raya Parking Company.

At the end of each year, Makassar Raya Parking Company designs annual revenue targets through a strategic process that considers market trends, regulatory changes, and infrastructure developments. A comprehensive evaluation of parking revenue potential is conducted, including location analysis, usage, and parking rates. Based on this evaluation, expected revenue is calculated in detail, setting realistic and achievable targets. These revenue targets are then established as performance benchmarks for the following year, ensuring that revenue strategies align with market potential and

economic conditions. This is a crucial step in optimizing the operational revenue of Makassar Raya Parking Company, ensuring a sustainable and responsible approach to financial management.

The process of setting revenue targets by Makassar Raya Parking Company involves strategic planning that considers revenue potential from parking operations. The targets set not only serve as objectives to be achieved but also as performance indicators to be monitored, with the goal of achieving the desired revenue targets and dividends. This demonstrates a measurable and focused approach to revenue management and profit distribution.

Evaluations are conducted four times a year. This process measures revenue achievements, acting as a benchmark for the following months. If there is a decline in revenue, an evaluation is carried out to identify the causes. This approach ensures that management can respond quickly to changes in market conditions or operations and make necessary adjustments to maintain or improve revenue performance.

Makassar Raya Parking Company sets parking service rates in accordance with Local Regulation (Perda) Number 17 of 2006. In this regulation, the board of directors of Makassar Raya Parking Company is authorized to determine rates, with consideration from the supervisory council and approval from the mayor. The rate-setting process ensures good governance and transparency in setting parking fees, with all relevant stakeholders involved in decision-making. It also shows an effort to comply with local regulations and operate within the existing legal framework.

The on-street parking rates for motorcycles are Rp2,000 and for cars are Rp3,000, but due to the previous electronic parking system in place, some areas still apply rates of Rp3,000 for motorcycles and Rp5,000 for cars. Additionally, there is a Rp5,000 motorcycle parking fee in front of Losari Beach with payment required upfront. Furthermore, some places charge high fees for cars, ranging from Rp10,000 to Rp20,000 at Butung Market.

Makassar Raya Parking Company sets daily targets that must be deposited by parking attendants. These targets are determined with specific amounts and must be met every day as part of the accountability system and the expected revenue achievement of the company. This helps ensure that daily revenue aligns with management expectations and allows for tighter performance monitoring and effective cash management.

As for the criteria for on-street parking locations established by Makassar Raya Parking Company, the locations are determined by the board of directors based on Local Regulation Number 17 of 2006, as long as they do not contradict the needs of the community, are located on public streets, and except for five street sections based on Regional Regulation Number 64. However, in practice, many do not use on-street parking locations properly, indicating the need for enforcement.

Based on the research conducted, setting standards in monitoring on-street parking revenue management in the city of Makassar involves setting annual targets based on calculations and parking potential, detailing the required budget. In the process of achieving these targets, quarterly evaluations are conducted four times a year to serve as benchmarks for the following months. If there is a decrease in revenue along the way, an evaluation is conducted to identify the causes. This underscores the importance of supervision to ensure that revenue and dividend targets are met. Furthermore, the on-street parking service rates are determined by the board of directors of Makassar Raya Parking Company based on the considerations of the supervisory council and approval from the mayor of Makassar, which are Rp2,000 for motorcycles and Rp3,000 for cars. However, many attendants still charge Rp3,000 for motorcycles and Rp5,000 for those using cars, indicating that supervision in this regard is still weak. The targets for deposits by parking attendants are determined by Makassar Raya Parking Company based on preliminary surveys to assess revenue potential at specific parking locations. The profit distribution is 60% for parking attendants and 40% for Makassar Raya Parking Company.

Additionally, the determination of on-street parking location points is made by the board of directors based on Local Regulation Number 17 of 2006, which includes all public street edges except those marked as no-parking zones, those that contradict community needs, sidewalks, and five street sections based on Regional Regulation Number 64. In practice, many still parking in locations that are not in accordance with the previously mentioned regulations, which reinforces the need for enforcement and the implementation of tiered parking.

Conclusion

The Makassar Raya Parking Company has implemented a standardized revenue supervision system. This involves setting annual targets based on a comprehensive assessment of parking potential and planning that considers market trends and regulations. Quarterly evaluations ensure that revenue aligns with benchmarks, and any revenue decline is monitored to identify the causes. Parking rates are determined in accordance with Local Regulation Number 17 of 2006 and require the approval of the mayor and the supervisory council. Although standard rates have been established, there is variation in their implementation, indicating the need for stricter oversight. Daily deposits by parking attendants to the Makassar Raya Parking Company with specific targets demonstrate an accountability structure. Criteria for parking locations have been established, although there are still compliance issues. By determining parking spots based on local regulations and revenue potential assessments, the Makassar Raya Parking Company strives to achieve a fair distribution of proceeds between parking attendants and the company, maintaining supervision to meet targets and dividends. Regulation and enforcement of parking standards may be necessary to improve compliance and efficiency. To enhance accuracy and efficiency in parking revenue management, the Makassar Raya Parking Company should consider adopting electronic parking system technology more widely. This implementation will not only simplify the revenue monitoring process but also minimize the potential for tariff collection errors. In line with this, providing incentives to parking attendants who meet or exceed deposit targets can be a strong driver for improved performance and motivation. This performance will be better assured if accompanied by close cooperation with the city government, where existing parking regulations can be aligned with the strategic goals of revenue management and ensure that these policies support the interests of the community.

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