

OPTIMIZATION OF LOCAL ORIGINAL INCOME AT THE BITUNG CITY REGIONAL REVENUE AGENCY

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Received : 10 March 2026

Accepted : 30 April 2026

Revised : 15 March 2026

Published : 02 June 2026

Abstract

This study aims to describe and analyze the intensification process and evaluate the monitoring mechanisms implemented by the Bitung City Government in optimizing Regional Original Revenue (PAD). The background to this research is the phenomenon of fluctuations in PAD realization, where the Regional Tax sector showed significant growth while the Regional Retribution sector experienced a drastic decline between 2015 and 2025. Furthermore, the regional financial condition facing a debt burden demands stronger fiscal independence. The research method used was a qualitative approach with a post-positivistic paradigm. Data were collected through in-depth interviews with key informants from the Regional Revenue Agency (Bapenda) and the Transportation Agency (Dishub), supplemented by field observations and documentation studies. The research focused on the intensification and oversight of parking fees as a potential target. The results of the study indicate that: (1) The parking levy intensification process is not yet optimal due to the collection system which is still manual (tickets), network constraints on digital tools, and inter-agency coordination (Bapenda and Transportation Agency) which is only carried out once a year; (2) The competence of officers in the field is still limited due to the lack of formal technical training; (3) The monitoring mechanism has not been automatically integrated and still relies on the annual audit stage. This study concludes that digitalization of the collection system and increasing the frequency of data reconciliation are crucial to reduce budget leakage and achieve the expected PAD targets.

Keywords: *Optimization, Local Original Income, Intensification, Supervision, Parking Retribution, Bitung City.*

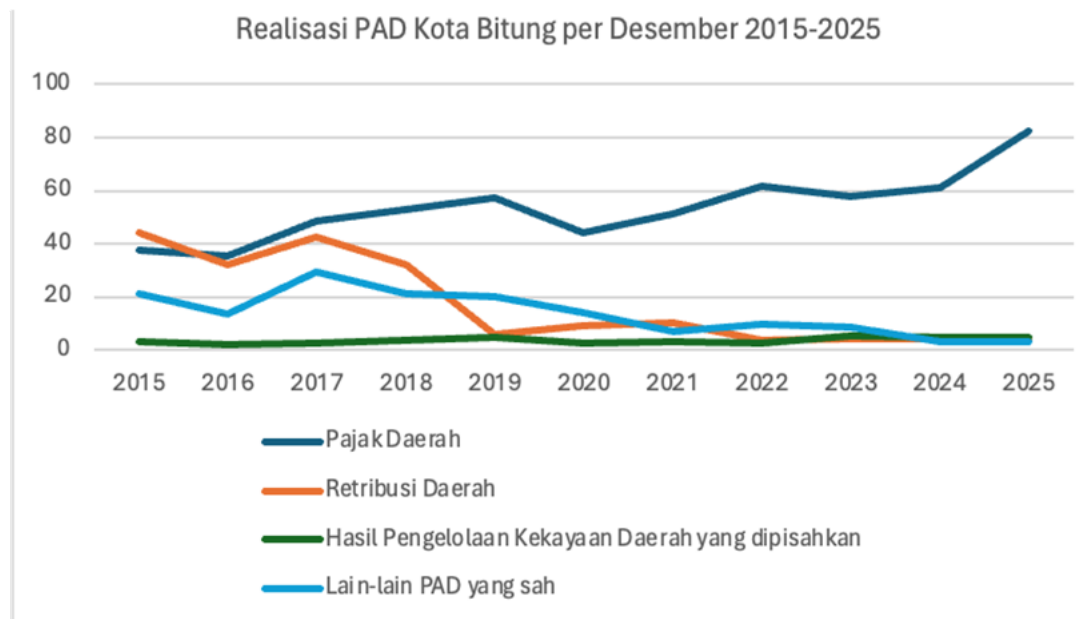
INTRODUCTION

Locally Generated Revenue (PAD) is one of the primary sources of funding for regional development. Through PAD, local governments have fiscal independence to implement development programs and activities tailored to community needs. Bitung City, located in North Sulawesi Province, is one of the strategic centers of economic growth in Eastern Indonesia. Geographically, the city enjoys a highly advantageous position, situated on the edge of the Pacific Ocean, serving as an international gateway. The key distinguishing characteristic of Bitung City from other regions in North Sulawesi is its role as an industrial, port, and trading city. One of the main pillars of Bitung City's economy is the fisheries and maritime sector. Known as the "Cakalang City," Bitung boasts a large fishing port infrastructure and various export-oriented fish processing industries. Furthermore, the designation of Bitung City as the location for the Bitung Special Economic Zone (KEK) and the development of an International Hub Port have strengthened the city's position as a national logistics hub. However, in reality, Bitung City's local revenue (PAD) revenue still faces various obstacles, such as weak regional tax management, a suboptimal monitoring system, and low taxpayer awareness. This has led to the gap between expectations (das sollen), namely optimal PAD as a pillar of regional financial independence, and actual conditions. In the context of regional autonomy, as mandated by Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, Bitung City is required to increase its fiscal independence. This independence is highly dependent on optimizing Regional Original Revenue (PAD), which is sourced from Regional Taxes, Regional Levies, the Management of Separated Regional Assets, and other legitimate PAD. Despite the significant

economic potential of the industrial and port services sectors, challenges remain in collecting local revenue (PAD) in Bitung City. These include fluctuations in fisheries production, which impacts downstream industries, the effectiveness of digital-based tax collection systems, and the synchronization of central and regional policies related to investment in special economic zones (SEZs). Therefore, an in-depth analysis of the contribution and effectiveness of PAD is crucial to ensure that economic growth in the industrial sector is directly proportional to increased regional revenues to fund sustainable development and public services. Bitung City, as one of the port cities and industrial areas in North Sulawesi Province, has great potential in increasing revenue through the regional tax sector, regional levies, results from the management of separated regional assets, and other legitimate PAD.

The following is the trend in the realization of PAD in Bitung City for the last ten years from 2015 to 2025.

Gambar 1.1.1. Tren Realisasi PAD Kota Bitung 2015-2025%



Regional taxes are the largest contributor and show the most significant growth trend, especially after 2020. The trend is expected to increase sharply from 2024 to 2025, reaching over 80 billion rupiah. There was a decline in 2020 (possibly due to the impact of the pandemic), but it quickly recovered and continues to increase progressively. In contrast to taxes, the Regional Retribution sector has shown a drastic downward trend. In 2015, levies were at a relatively high level (around 40 billion), but they have continued to decline sharply, falling below 10% billion from 2019 to 2025. This indicates a shift in revenue sources or regulatory changes that reduce the objects of retribution.

The Other Sector of Legitimate Locally-Generated Revenue (PAD) has fluctuated but tended to plateau at low levels in recent years. The trend peaked in 2017 (almost 30 billion Rupiah), but has continued to decline and stabilized at a low level (below 10 billion Rupiah) since 2021. The Separated Regional Asset Management Results sector (Green Line) is the most stable contributor, but with the smallest nominal value compared to other sectors. The trend is at the bottom and forms a nearly horizontal (static) line at near zero throughout the 2015-2025 period. Several recent reports and news reports indicate that the Bitung City Government is facing complex and potentially critical financial challenges, particularly related to its significant debt burden. This situation has hampered several aspects of the local economy and even delayed payments on obligations such as salaries and Employee Income Allowances (TPP) for State Civil Apparatus (ASN). In 2025, for example, the Bitung City Government reportedly focused on repaying previous debts, which has resulted in delays in several priority development programs. This debt burden is said to reach tens of billions of rupiah and has become a serious concern for the public and the local Regional People's Representative Council (DPRD). Apart from the debt issue, other challenges also arise in the aspect of financial governance, such as the risk of corruption, accountability for spending that does not comply with regulations, and less than optimal asset management, as acknowledged by Regional executives. Optimizing Regional Original Revenue (PAD) from key sectors such as local

taxes and levies, including from the Bitung Special Economic Zone (KEK), which is considered suboptimal, is also a crucial area requiring improvement. This unstable financial condition has the potential to hamper the region's overall financial performance and ability to achieve financial independence, which could ultimately negatively impact community welfare and local economic growth. Previous research has analyzed the Bitung City Government's budget realization and financial performance from various perspectives, but the current dynamics related to handling the debt crisis and its impact on long-term fiscal planning require a more in-depth and sophisticated study. Based on the background outlined above, the research problem lies in the local government's efforts to maximize revenue potential through strategic measures. Therefore, this research is expected to answer the following questions: "How is the Regional Original Revenue Intensification Process in Bitung City?" and "How is the Monitoring of Regional Original Revenue Optimization in Bitung City?"

METHOD

This study uses a qualitative approach with a post-positivistic paradigm. The research location was carried out at the Bitung City Regional Revenue Agency (Bapenda) and the Bitung City Transportation Agency from March to May 2026. Data sources consist of primary data (in-depth interviews with key informants such as Bapenda employees, Transportation Agency, and parking levy officers selected through *purposive sampling* and *snowball sampling techniques*) and secondary data (official documents, regional financial reports, Regional Regulations, and RPJMD). Data collection techniques were carried out through in-depth interviews, field observations at parking levy collection points, documentation studies, and researchers acted as key instruments. Data analysis used the interactive model of Miles, Huberman, and Saldana (2014) which includes data collection, data condensation, data presentation, and drawing and verifying conclusions. Data validation techniques used four criteria of Lincoln and Guba: credibility (triangulation of sources, techniques, time; *member check*; extension and persistence of observation), transferability (thick description), dependability (*audit trail*), and confirmability (*peer debriefing*).

The research indicators are divided into two main focuses. First, the parking levy intensification process, which includes three indicators: (1) intensification governance (SOP, digital collection system, inter-sectoral coordination); (2) officer competency (technical training, certification, ability to use electronic collection tools); (3) levy result reporting (data verification mechanism, report accuracy). Second, PAD optimization supervision, which includes four indicators: (1) vertical supervision (target achievement evaluation, follow-up of audit findings); (2) horizontal supervision (role of the Regional People's Representative Council, inter-agency cooperation, joint evaluation forum); (3) direct supervision (surprise inspections, counting used tickets); (4) indirect supervision (quality of financial reports, document audits, analysis of revenue statistical data).

DISCUSSION

1. Parking Fee Intensification Process **1.1. Management of Parking Retribution Intensification**

Based on the research results, it was found that the Standard Operating Procedure (SOP) for parking fee collection is only stored at the Transportation Agency and is not disseminated across agencies. The collection system is still manual using tickets, and data reconciliation is only conducted once a year. From a New Public Management perspective (Hood, 1991), the absence of a digital system at parking fee collection points indicates that the NPM principle of technology-based efficiency has not yet reached the front line of service. This irony is clearly evident when Bitung City is a digital city, but parking attendants in the field still use paper tickets that are not connected to any system. This reflects what NPM academics call the implementation gap, or the gap between macro-level policies and micro-level practices. The concept of implementation gap in NPM refers to the phenomenon where administrative reforms initiated at the policy level fail to consistently permeate the technical implementation level in the field. In the case of Bitung City's parking fees, the public service digitalization policy declared at the city level was not followed. by providing adequate infrastructure and training for frontline officers. The conditions in Bitung City illustrate this dualism in real terms: the SIPAD system may already be running at the Bapenda level, but the data entering it still comes from manual recording by parking officers, so the quality of the digital system's output is very limited by the quality of its manual input. From an intensification theory perspective, the parking fee collection process in Bitung City only meets one of the four pillars of ideal intensification: optimizing collection, meaning officers remain on duty daily. However, the other three pillars—

data accuracy, administrative efficiency, and strengthened supervisory oversight—have not been adequately met. Data reconciliation, which is only performed once a year, directly weakens the data accuracy pillar, making potential leaks difficult to detect early. To understand these implications more deeply, it is necessary to explain why the four pillars of intensification are interdependent and cannot be separated. Partially optimized. The data accuracy pillar requires that data on the number of active parking spots, the number of daily transactions, and the amount of deposits to the regional treasury be up-to-date and independently verifiable. When reconciliation is only conducted annually, there is no formal mechanism for detecting revenue declines due to leakage, changes in parking usage patterns, or a reduction in the number of active parking spots for the subsequent 11 months. The administrative efficiency pillar requires that every rupiah collected reaches the regional treasury with minimal transaction costs and the risk of leakage. The current paper ticket system is inherently inefficient because it relies entirely on the integrity of individual officers, without an automated cross-verification mechanism. The pillar of strengthening supervisory oversight requires that superiors have sufficient and timely information to intervene when officer performance is substandard. Without real-time data from collection points, supervisory oversight can only be carried out passively through reports that may no longer be relevant to current conditions.

From a good governance perspective (Rahardjo, 2021), incomplete SOPs that are not disseminated to all stakeholders violate the principle of transparency. SOPs that are only known to one agency create information asymmetry that can potentially be exploited to avoid misconduct. Accountability. More specifically, the principle of transparency in good governance requires that all regulations, procedures, and operational standards related to public financial management be accessible and understandable to all stakeholders, including partner agencies, field officers, those liable to pay fees, and the general public. When parking fee SOPs are stored solely within the Transportation Agency and not officially communicated to Bapenda, the supervisory agency, a situation is created in which the two agencies operate based on differing understandings of standards that should be the same. This information asymmetry directly weakens Bapenda's capacity to effectively perform its oversight function, as supervisors cannot assess compliance with standards they are not fully aware of.

1.2. Officer Competence

Research consistently shows that parking attendants in Bitung City have never received formal training from relevant agencies. There is no certification, no written technical guidelines, and officers face situations in the field through improvisation. Using Spencer & Spencer's (1993) competency model, the competency deficit among parking officers in Bitung City can be identified at two fundamental levels: Skills (technical collection and service skills) and Knowledge (knowledge of retribution regulations and procedures). These two levels are at the top of the "competency iceberg," meaning they are the easiest and most efficient components to develop through structured training. This means that, unlike the three deeper levels of competency (self-concept, traits, and motives), which require long-term psychological intervention to change, parking officers' technical skills and procedural knowledge can be significantly improved through structured, scheduled, and ongoing training programs. This situation is further exacerbated by the discovery of thuggery practices in the field, where some officers deposit a portion of the collection proceeds with third parties. This phenomenon is not only a matter of individual integrity, but also a systemic failure and an indication that the supervisory function and standardization of officer behavior are not yet effective.

1.3. Reporting of Parking Fee Results

The parking fee reporting mechanism in Bitung City still relies on the honesty of field officers without an automated verification system. There's no barcode system, and no daily reconciliation of used tickets with deposits into the regional treasury. From a *good governance perspective*, this situation poses a serious obstacle to the principle of accountability. Rahardjo (2021) emphasized that public financial accountability requires that every transaction be independently traceable and verifiable. A reporting system that relies entirely on manual input and the honesty of officials fails to meet this standard. This condition also reflects a problem which in public administration literature is known as the principal-agent problem: the Transportation Agency as the principal does not have a mechanism that... sufficient to verify whether the agent (parking attendant) actually deposits all the collected revenue. Without addressing this information asymmetry, budget leakage will continue to occur structurally. Principal-agent theory explains that the task delegation relationship between the principal and agent always carries the risk of moral hazard, namely the tendency for agents to behave in a self-serving manner when their behavior cannot be fully observed by the principal.

2. Supervision of Optimization of Regional Original Income Through Parking Fees

2.1. Vertical Surveillance

The research results show that vertical oversight at the Bitung City Regional Revenue Agency (Bapenda) has been implemented in the form of evaluation meetings led by management. However, these meetings are dominated by discussions of target achievement figures without any discussion of concrete technical solutions. From a public administration theory perspective, this condition reflects weaknesses in the *corrective action function* of oversight. According to Gordon (1982), public administration encompasses not only the implementation of regulations but also feedback mechanisms *that* enable organizations to detect deviations and make timely corrections. Evaluation meetings that only discuss achievement figures without providing technical solutions indicate that *the feedback mechanism* is not functioning optimally. Sujanto (1990) also emphasized that effective oversight must result in concrete and measurable follow-up. The finding that internal audit reports are often slow to be followed up due to limited supervisory personnel indicates an institutional bottleneck that prevents the oversight cycle from running smoothly.

2.2. Horizontal Supervision

The research found that coordination between Bapenda and the Transportation Agency was still verbal and not supported by an integrated database system. Oversight by the Regional People's Representative Council (DPRD) is also still limited to the annual budget forum. The lack of database sharing between the two agencies reflects weak horizontal coordination, which, according to Pfiffner & Presthus (1967), is one of the most common sources of bureaucratic inefficiency. Effective coordination requires a systematic and scheduled information-sharing mechanism, not just informal meetings that rely on individual initiative. In the context of parking fee management, the lack of an integrated database system between Bapenda and the Transportation Agency creates a situation where the two agencies essentially manage different aspects of the same object without a shared, complete picture. Bapenda has oversight authority but lacks real-time access to collection data; the Transportation Agency has collection data but lacks the authority to conduct independent supervisory follow-up. This separation creates a condition theoretically referred to as an institutional silo, where each agency operates within its own authority without adequate information flow between them.

Furthermore, from a good governance perspective, the absence of the Regional People's Representative Council (DPRD) in field oversight weakens one of the crucial checks and balances in regional financial governance. The legislative oversight function of the executive branch should not only occur in the budget meeting room, but also through periodic field monitoring of strategic retribution objects. According to Mardiasmo (2018), the DPRD, as a representative of the people, has two complementary oversight functions: political oversight through budgetary and legislative mechanisms, and administrative oversight through working visits and direct monitoring of programs funded by the Regional Budget (APBD). In the context of parking fees, ideal DPRD oversight encompasses at least two dimensions: first, verifying that the retribution targets set in the APBD are based on realistic potential analysis and valid methodology; second, regular monitoring of collection realization in the field to ensure that the mechanisms implemented comply with ratified regional regulations. The findings of this study indicate that this second dimension has not been implemented in Bitung City. The DPRD, which has never directly participated in the implementation of the retribution targets, has not been implemented. Field visits to monitor parking levy operations essentially only fulfill half of their mandated oversight function. This situation also results in weak external pressure on Bapenda and the Transportation Agency to improve levy collection performance, as legislative supervisors, who should be exerting accountability pressure, lack sufficient field data to raise critical questions in budget meetings.

2.3. Direct Supervision

Research findings revealed that spot checks were conducted only once a year and were reactive, not preventive. Field officers even claimed to have been notified a day before the inspections took place. From the perspective of Sujanto's (1990) supervisory theory, ideal direct supervision is periodic, unannounced, and covers the entire work area. Reactive inspections and those whose information is leaked to field officers do not meet any of these three criteria. As a result, the *deterrence function* of direct supervision is ineffective, because officers know that the consequences of deviation are very unlikely to be detected. The deterrence effect in supervisory theory operates on the principle that a high probability of detection and the certainty of significant consequences are the main factors that encourage behavioral compliance. When one of the informants in this study openly admitted that the spot checks could have been anticipated because they were notified one day in advance, so the probability of detecting irregularities through these spot checks

was close to zero, because officers had sufficient time to straighten out any irregularities before the monitoring team arrived. The inability of the monitoring system to reach all retribution points reflects the limited institutional capacity that is one of the main challenges of decentralization in developing countries. The solution is not only to increase monitoring personnel, but also to integrate technology such as *GPS tracking* on officers and CCTV at strategic points that can expand the monitoring reach without increasing proportional personnel costs.

2.4. Indirect Supervision

Research has found that the indirect monitoring system in Bitung City functions more as a passive data recorder than a predictive analysis tool. Data still relies on manual input from lower-level officers, creating a risk of " *garbage in, garbage out* ." From a *New Public Management perspective* , an ideal indirect monitoring system functions as a *decision support system* capable of automatically detecting anomalies, rather than simply recording transactions. Bitung City's existing SIPAD system has the potential to be developed in this direction, but uneven connectivity and manual data input hinder this potential. If the Bitung City SIPAD system is strengthened with adequate connectivity across all parking points and equipped with basic analytical features, it can essentially function as a simple yet effective early detection system. The investment required for this transformation is far smaller than the potential revenue that can be saved from leaks that have previously gone undetected by passive indirect monitoring systems.

From the perspective of fiscal decentralization by Oates (1972), this condition describes the typical problem of regions which have formally received broad fiscal authority, but in terms of administrative capacity have not been able to utilize this authority effectively. Weak indirect oversight capacity means regional leaders make strategic PAD decisions based on potentially inaccurate data, a serious risk to medium-term fiscal planning. The above findings require a more in-depth examination by integrating theoretical perspectives from fiscal decentralization and contemporary public administration. Oates (1972), in his theory of Fiscal Federalism, explicitly stated that the success of fiscal decentralization is not solely determined by the extent of delegated authority but also depends heavily on the regional administrative capacity to manage that authority. In the case of Bitung City, the fiscal authority granted by Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law) has not been matched by commensurate administrative capacity, particularly in terms of an integrated revenue management information system and human resource capacity at the front lines.

In the theoretical framework of Public Administration put forward by Tumbel (2023), public administration is a living organism. continuously adapting to environmental changes. The findings of this study reveal that the Bitung City Regional Revenue Agency, as a public administration body at the regional level, has not fully adapted to the demands of environmental change marked by the digitalization era and fiscal reform through the HKPD Law. This adaptive capacity concerns not only technology adoption but also transformations in organizational culture, inter-agency coordination patterns, and human resource quality standards. Pfiffner and Presthus (1967) have warned that one of the most common sources of bureaucratic inefficiency is weak horizontal coordination. The findings of this study empirically validate this warning in the context of regional financial administration in Eastern Indonesia.

Synthetically, the discussion above shows that the problem of optimizing parking fees in Bitung City is a manifestation of three structurally interrelated gaps. First, the capacity gap between broad fiscal authority and limited administrative infrastructure, as formulated by Oates (1972). Second, the implementation gap between digitalization policies at the macro level and manual collection practices at the micro level, as identified in the NPM literature. Third, the oversight gap between formally available oversight mechanisms and their effectiveness in the field, as theorized by Sujanto (1990) and Mahmudi (2016). These three gaps can only be addressed through a holistic and simultaneous approach, encompassing investment in technological infrastructure, transformation of human resource competencies, and comprehensive reform of inter-agency coordination mechanisms. None of these three components can be ignored, as they form an interdependent system that determines the effectiveness of parking fee management as a source of Bitung City's Original Regional Revenue.

CONCLUSION

Based on the discussion above, the following conclusions can be drawn:

- 1) The parking fee intensification process in Bitung City is not yet optimal. The manual collection system (paper tickets), low field officer competency due to a lack of formal training, and inter-agency data reconciliation, which is only conducted once a year, are interrelated and mutually reinforcing structural barriers.

- 2) The institutional oversight mechanism for optimizing local revenue (PAD) is quite comprehensive, encompassing vertical, horizontal, direct, and indirect oversight, but its effectiveness remains very limited. Vertical oversight has not yet resulted in concrete *corrective action* . Horizontal oversight is not supported by a data-sharing infrastructure. Direct oversight is reactive and lacks a *deterrent function* . Indirect oversight remains passive and relies on manual input.

REFERENCES