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Analysis of On-Street Parking Governance as a Source of Local Own-Source Revenue in Banyumas Regency

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Abstract

Local Own-Source Revenue (Pendapatan Asli Daerah/PAD) is a key indicator of fiscal autonomy for local governments in the era of decentralization. One potential yet persistently problematic source of PAD is on-street parking fees. This article aims to analyze on-street parking issues in Banyumas Regency from the perspectives of public economics and public sector governance, as well as to examine their implications for optimizing local revenue. This study employs a qualitative approach, utilizing a literature review and content analysis of parking policy phenomena as reported by mass media, which are then contextualized

through relevant theories and empirical findings from academic journals. The analysis reveals that parking-related problems in Banyumas are not merely technical in nature but are deeply structural, encompassing weak incentive systems, limited oversight, and insufficient integration with urban transportation policies. The study concludes that governance reforms in the parking sector—grounded in principles of economic efficiency, transparency, and public accountability—are essential to enhance the contribution of parking revenues to PAD while simultaneously improving the sustainability of public service delivery.

Keywords: Public Economics, On-Street Parking, Local Own-Source Revenue, Public Governance, Banyumas

1. Introduction

Fiscal decentralization has become one of the central pillars of governance reform in Indonesia following the implementation of regional autonomy. Through this policy framework, local governments are granted broader authority to manage financial resources and to determine development priorities in accordance with the specific needs and characteristics of their respective regions. The primary objectives of fiscal decentralization are to enhance the efficiency of public resource allocation, strengthen local government accountability, and bring public service delivery closer to the community (Oates, 1999).

In this context, Local Own-Source Revenue (Pendapatan Asli Daerah/PAD) serves as a crucial indicator for assessing the degree of a region's fiscal independence. Regions with a strong PAD base enjoy greater fiscal flexibility in financing development programs and public services without excessive reliance on transfers from the central government. However, empirical realities across many regions indicate that the contribution of PAD to total regional revenue remains relatively limited, thereby creating structural challenges in achieving substantive regional autonomy (Halim & Kusufi, 2017).

One source of PAD with significant economic potential but often receiving insufficient policy attention is local user charges, particularly on-street parking fees. On-street parking represents an economic activity inherently embedded in urban dynamics and the growing mobility of the population. As the number of motor vehicles and the intensity of urban economic activities continue to rise, demand for parking space correspondingly increases. This condition positions the parking sector as a strategic component in the management of public space, while simultaneously constituting a potentially important source of local government revenue.

From a public economics perspective, on-street parking exhibits the characteristics of an impure public good or, more precisely, a common-pool resource. The use of roadside space for parking is inherently rivalrous, as occupation by one individual reduces availability for others, while at the same time it is difficult to fully exclude users in the absence of effective regulation (Ostrom, 1990) ^[6]. Consequently, parking management requires appropriate policy intervention to prevent overuse, disorder, and broader social inefficiencies.

Within the framework of public economics, parking charges serve not only as an instrument of local revenue generation but also as a demand management mechanism. Through the application of rational, demand-based parking tariffs, local

governments can influence vehicle user behavior, mitigate traffic congestion, and encourage the adoption of alternative modes of transportation. In this sense, parking policy carries wide-ranging economic, social, and environmental implications.

Nevertheless, in practice, the management of on-street parking in many regions of Indonesia continues to face fundamental challenges. These challenges include parking disorder, leakage of parking fee revenues, weak monitoring systems, and conflicts of interest among local governments, parking attendants, and service users. A growing body of empirical studies suggests that the parking sector often represents a vulnerable point in local public financial governance due to the prevalence of cash-based transactions and low levels of transparency (Pratama & Nugroho, 2020).

These phenomena are also reflected in the management of on-street parking in Banyumas Regency. The regency is characterized by steadily expanding economic activity and increasing mobility, particularly in urban areas and commercial centers. This growth has been accompanied by a rising demand for parking space, especially along public roads. However, as reported by mass media, parking management in Banyumas continues to face a range of challenges, from parking disorder to the relatively low contribution of the parking sector to local own-source revenue compared to its existing potential.

Parking-related problems in Banyumas cannot be understood solely as technical issues at the operational level, such as inadequate signage or weak enforcement. More fundamentally, these problems reflect structural shortcomings in policy design, institutional governance arrangements, and incentive systems governing the relationship between local government authorities and on-the-ground parking operators. From the perspective of institutional economics, such conditions indicate the presence of institutional failure, which in turn undermines public sector performance (North, 1990).

Beyond their impact on local revenue, suboptimal parking management also generates a range of negative externalities for the broader community. Disorderly on-street parking can reduce effective road capacity, exacerbate traffic congestion, and degrade the quality of the urban environment. From a welfare economics standpoint, these conditions give rise to social costs that are not fully borne by parking users, thereby resulting in social inefficiency (Pigou, 1920).

In light of these conditions, a comprehensive analysis of on-street parking management from the perspectives of public economics and public sector governance is required. Such an analysis is essential not only to systematically identify the root causes of existing problems but also to formulate policy recommendations grounded in both theory and empirical evidence. To date, studies on parking at the local level have largely remained descriptive and technical in nature, while analyses that explicitly link parking management to public economics frameworks and local fiscal autonomy remain relatively limited.

Accordingly, this study aims to examine on-street parking management issues in Banyumas Regency through the lenses of public economics and public governance. Specifically, the study seeks to identify the structural factors influencing the performance of the parking sector, analyze their implications for local own-source revenue, and derive policy implications relevant for local governments. It is expected that the findings will contribute academically to

the development of public economics literature at the local level, while also offering practical insights for the formulation of parking policies that are more effective, efficient, and equitable.

2. Literature Review and Theoretical Framework

2.1 Parking from a Public Economics Perspective

In public economics theory, the provision and management of parking facilities are viewed as part of the governance of public and semi-public goods. On-street parking exhibits the characteristics of a common-pool resource, in which use by one individual reduces availability for others (Ostrom, 1990) [6]. Consequently, in the absence of effective regulation, parking use tends to generate problems of overuse and disorder.

Musgrave and Musgrave (1989) [5] argue that charges imposed on the use of public facilities, such as parking, are intended to achieve allocative efficiency by ensuring that users pay in proportion to the benefits they receive. In this context, parking fees function not only as a source of public revenue but also as a demand management instrument.

2.2 Parking Fees and Local Own-Source Revenue

Local user charges constitute one of the main components of Local Own-Source Revenue (PAD), alongside local taxes and returns from the management of separated regional assets. According to Mardiasmo (2018) [4], the effectiveness of user charges is largely determined by the clarity of the chargeable objects, the ease of collection, and the level of compliance among service users.

Several empirical studies indicate that the contribution of parking fees to PAD remains relatively small compared to their actual potential (Halim & Kusufi, 2017). This condition is often attributed to revenue leakage, weak recording systems, and insufficient incentives for fee collection officers.

2.3 Parking Governance and Institutional Arrangements

Governance in parking management encompasses regulatory frameworks, implementing actors, oversight mechanisms, and community participation. The concept of good governance emphasizes principles of transparency, accountability, efficiency, and equity (World Bank, 2007).

Research by Wahyuni *et al.* (2021) demonstrates that the adoption of digital technology-based parking systems can enhance transparency and reduce revenue leakage. However, technological implementation in the absence of broader institutional reform often fails to deliver optimal outcomes.

3. Conceptual Framework

Based on the literature review, the conceptual framework of this study positions on-street parking management as a function of three main variables: (1) the design of the parking fee policy, (2) institutional capacity and oversight mechanisms, and (3) the behavior of users and parking attendants. These three variables interact with one another in shaping the performance of the parking sector and its contribution to Local Own-Source Revenue (PAD).

4. Research Methodology

This study employs a qualitative approach with a case study design. Banyumas Regency was selected as the research site due to its characteristics as a developing urban area and its exposure to complex parking-related challenges. Research

data were collected through a literature review of relevant national and international academic journals on public economics and parking, as well as content analysis of mass media reports addressing parking policies and issues in Banyumas.

Data analysis was conducted using thematic analysis techniques, involving the identification of key themes emerging from the literature and media coverage, which were then examined in relation to public economics and governance theoretical frameworks. Research validity was ensured through source triangulation and consistency between theoretical perspectives and empirical findings.

5. Findings and Discussion

5.1 On-Street Parking within the Framework of Allocative Efficiency and Market Failure

In public economics theory, the use of public spaces such as roadways entails a high potential for market failure when not adequately regulated. On-street parking represents a classic example of the use of a public resource that is rivalrous and limited in nature. When road space is allocated to parking, the capacity of the road to perform its primary function—namely traffic movement—is reduced. This situation creates a trade-off between the interests of individual vehicle users and the broader public interest.

In Banyumas Regency, the widespread practice of on-street parking illustrates the inability of market mechanisms to regulate the use of public space efficiently. In the absence of effective policy intervention, vehicle users tend to park as close as possible to their activity destinations, even when such behavior contributes to traffic congestion and a deterioration in road service quality. This phenomenon is consistent with the concept of the tragedy of the commons, whereby shared resources are overexploited due to the lack of effective regulation (Ostrom, 1990) ^[6].

From the perspective of allocative efficiency, parking policies should be designed to ensure that road space is utilized by users who generate the highest economic and social value. However, low parking tariffs and weak enforcement in Banyumas have resulted in a failure to achieve this objective. Public space is therefore used inefficiently, while the potential local revenue that could otherwise be mobilized to enhance public service provision remains underutilized.

5.2 Discrepancies between Parking Revenue Potential and Realization

The gap between potential and realized parking revenue serves as a key indicator of weak performance in this sector. In theoretical terms, parking revenue potential is shaped by factors such as vehicle volume, the intensity of economic activity, and the strategic location of urban areas. Banyumas Regency, with its concentration of commercial centers, educational institutions, and public service facilities, possesses relatively high parking potential compared to regions with lower levels of economic activity.

However, the actual realization of parking fee revenues exhibits a stagnant pattern that is not commensurate with the growth in the number of vehicles. From a fiscal economics perspective, this condition reflects a low level of tax effort, understood as the extent to which local governments mobilize their revenue-generating capacity. This outcome

can be attributed to two main factors: inadequate policy design and weak implementation.

In terms of policy design, parking regulations have not been fully grounded in an analysis of the region's economic potential. Parking tariffs are determined administratively without sufficient consideration of parking demand elasticity. From an implementation standpoint, weak recording and monitoring systems create opportunities for revenue leakage. These findings reinforce the argument that increasing local own-source revenue does not necessarily depend on the creation of new revenue sources, but rather on the optimization of existing ones through improvements in governance.

5.3 Parking as an Arena of Complex Principal-Agent Problems

The relationship between the local government and parking attendants in Banyumas Regency illustrates the complexity of principal-agent problems within the public sector. As the principal, the local government faces significant information constraints regarding the actual number of parked vehicles and the true magnitude of on-site revenues. Parking attendants, as agents, exercise direct control over both transactions and the associated information.

This information asymmetry creates conditions conducive to opportunistic behavior. In the absence of appropriate incentive structures and rigorous oversight, parking attendants may be motivated to maximize personal income at the expense of local government revenue. This phenomenon should not be attributed solely to individual misconduct, but rather understood as a consequence of weak institutional design.

In this context, parking-related challenges reflect a form of state failure in designing effective contractual arrangements and monitoring mechanisms. The institutional economics literature emphasizes that addressing principal-agent problems requires not only strengthened supervision but also the development of incentive systems that are aligned with policy objectives (Jensen & Meckling, 1976) ^[2].

5.4 The Political Economy Dimension and Resistance to Parking Reform

Parking-related problems in Banyumas Regency must also be understood within the framework of local political economy. On-street parking often constitutes a source of livelihood for certain community groups, rendering parking policy reforms potentially subject to social resistance. Local governments therefore face a dilemma between improving fiscal efficiency and maintaining social stability.

In many cases, political compromises result in half-hearted parking policies. Enforcement measures are implemented sporadically, without comprehensive structural reform. This situation reflects the presence of political constraints in public policymaking, whereby economic decisions are shaped by short-term political considerations.

From a political economy perspective, the failure of parking reform cannot be attributed solely to technical limitations, but also to the distribution of power and vested interests at the local level. In the absence of effective communication strategies and adequate compensation mechanisms, parking policies that are economically rational are unlikely to gain broad social acceptance.

5.5 Negative Externalities and the Social Costs of On-Street Parking

Poorly managed on-street parking generates a range of negative externalities that impose broad societal impacts. Traffic congestion increases travel time costs, fuel consumption, and air pollution. These costs are not reflected in the parking fees paid by vehicle users, thereby creating external costs borne collectively by society.

Within the framework of welfare economics, this condition illustrates the failure of the pricing mechanism to internalize social costs (Pigou, 1920). Low parking tariffs prevent vehicle users from facing price signals that accurately reflect the social consequences of their behavior. As a result, private vehicle use becomes excessive and socially inefficient.

This analysis indicates that parking policy plays a strategic role in internalizing externalities and enhancing social welfare. However, in Banyumas Regency, this role has yet to be fully realized.

5.6 Integrating Parking, Transportation, and Urban Spatial Planning

In the urban planning literature, parking is regarded as an integral component of the transportation system and spatial planning framework. Parking policies that are formulated in isolation from transportation planning risk generating policy inconsistencies. In Banyumas Regency, parking policy remains largely standalone and has yet to be fully integrated with public transportation policies and urban spatial planning.

This lack of integration undermines the effectiveness of parking policy as a mobility management instrument. Easy and inexpensive parking in centers of economic activity encourages urban sprawl and reinforces dependence on private vehicles. Over the long term, such conditions are likely to increase infrastructure development costs and degrade the quality of the urban environment.

5.7 Equity and Distributional Considerations in Parking Policy

Beyond efficiency concerns, parking policy also carries important distributional equity implications. Uniform parking tariffs that fail to account for location-specific conditions and variations in demand tend to benefit certain user groups, particularly private vehicle owners. Meanwhile, individuals who do not rely on private vehicles continue to bear social costs arising from congestion and pollution.

Within the public economics framework, equitable policy design requires that costs and benefits be distributed proportionally across society. Accordingly, parking reform should incorporate social equity considerations, rather than focusing solely on increasing local own-source revenue.

5.8 A Grand Synthesis: Parking as a Reflection of Local Fiscal Governance

Overall, the findings and discussion indicate that on-street parking problems in Banyumas Regency reflect broader challenges in local fiscal governance. Weaknesses in parking management mirror limitations in institutional capacity, policy coordination, and political commitment to reform.

Optimizing the parking sector is not merely a matter of increasing local own-source revenue, but also an effort to improve the quality of public space management and service

delivery to the community. In this sense, parking can be viewed as a microcosm of local public governance, where improvements in this sector have the potential to generate broader positive spillover effects.

6. Conclusion

Based on the results of the analysis and discussion, it can be concluded that the management of on-street parking in Banyumas Regency has not yet functioned optimally as an economic instrument and a source of local own-source revenue (PAD). Although the potential revenue from parking retribution is relatively high, its actual realization remains far below this potential. This gap indicates the presence of structural problems in parking governance, encompassing planning, implementation, and supervision aspects.

From a public economics perspective, on-street parking retribution should not be understood merely as a revenue-collection mechanism, but also as a policy instrument to internalize the negative externalities arising from excessive use of road space. However, empirical conditions show that this regulatory function has not been effectively implemented. Weak supervision of parking attendants, low transparency in revenue remittance, and limited compliance among parking users have resulted in revenue leakage and reduced the effectiveness of parking policy as a tool for traffic management and public space regulation.

Furthermore, the findings indicate that the contribution of parking retribution to Banyumas Regency's PAD remains relatively small compared to other local revenue sources. This suggests that parking policy has not been managed within an integrated local revenue management framework. In fact, according to Pigouvian welfare theory, charges imposed on activities that generate social costs—such as on-street parking—can improve allocative efficiency if they are properly designed and implemented.

Thus, the core problem of on-street parking management in Banyumas Regency does not lie in the absence of economic potential, but rather in weak governance systems and policy implementation. Without improvements in institutional arrangements, supervision mechanisms, and revenue collection transparency, parking retribution will continue to perform suboptimally and fail to make a significant contribution to both local revenue and the quality of public space. Therefore, strengthening parking governance is a critical prerequisite for positioning the parking sector as an effective and sustainable local economic policy instrument.

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