

Analysis of Effectiveness, Efficiency, and Contribution to Market Levies in Mataram City 2020-2025

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ABSTRACT

The goal of this investigation is to analyze the level of effectiveness, efficiency, also contribution of market fee revenue to the Local Own-Source Revenue (PAD) of Mataram City during the 2020–2025 period. The investigation uses a descriptive methodology also a quantitative approach. The secondary data utilized came from the Mataram City Trade Office and the Directorate General of Fiscal Balance (DJPK), which were then analyzed using effectiveness, efficiency, also contribution ratios. The findings indicate the average effectiveness level of market fee revenue is 65.10%, falling into the “ineffective” category. The efficiency level averaged 12.35%, placing it in the “highly efficient” category. Meanwhile, the contribution of market fees to Local Own-Source Revenue averaged 0.95%, which falls into the “very low” category. The research results indicate that although the collection of market fees has been carried out efficiently, revenue collection has not been optimal, resulting in a low contribution to PAD. Therefore, the Mataram City Government needs to improve the effectiveness of market fee management by optimizing the collection system, increasing compliance among fee payers, and implementing better oversight so that market fee revenue can make a greater contribution to Local Own-Source Revenue.

INTRODUCTION

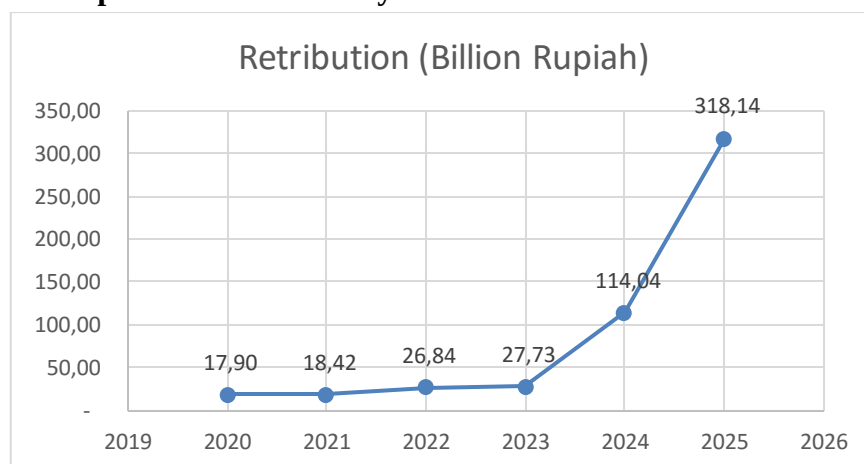
Regional Original Income (PAD) is the legitimate regional revenue derived from regional taxes, regional company revenues, official receipts, and other revenue sources. PAD is a fiscal component that reflects the regional government's ability to collect revenue from potential sources within its jurisdiction. The magnitude of PAD's contribution to regional income reflects the region's level of success and capacity in financing governance and development. (Afriwinta et al., 2025) According to Nursyam & Sejan, 2019 Regional Original Revenue (PAD) is one of the pillars of regional independence. According to Home Affairs Ministerial Regulation No. 77 of 2020, which refers to Articles 30 to 33 of Regulation No. 12 of 2019, PAD is sourced from regional taxes, regional levies, proceeds from the management of separated regional assets, and other legitimate regional original revenue. This

diversity of sources demonstrates that PAD formation does not rely on a single type of revenue but rather draws from several components that can be managed according to the potential and characteristics of each region. The magnitude of PAD's contribution to the Regional Budget (APBD) reflects the region's financing capacity; the higher the contribution, the lower the local government's dependence on central government assistance (in Anggraeni Zahra et al., 2022).

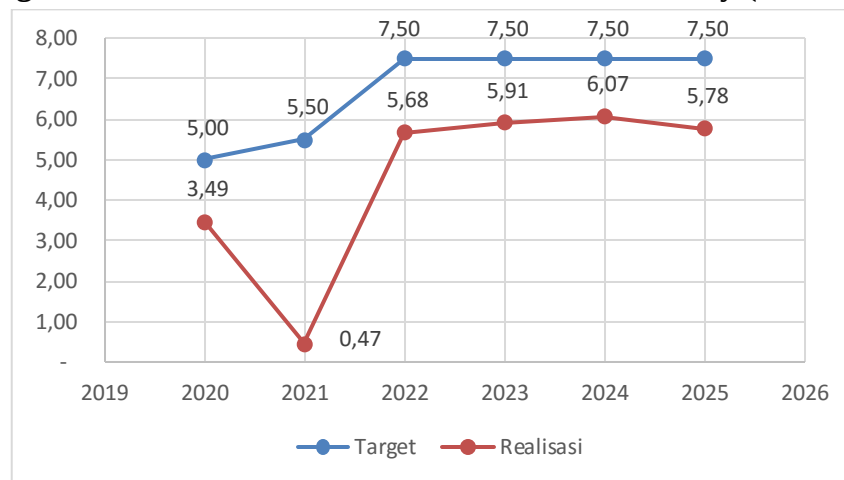
levies are regional levies provided or granted by the Regional Government for the benefit of individuals or entities to pay for services or grant certain permits. Unlike Income Tax and Value Added Tax, which are managed directly by the Directorate General of Taxes, levies are a source of regional revenue managed by the Regional Tax and Retribution Management Office. (Pembangunan et al., 2021).

As a vital component of local revenue (PAD), regional levies play a strategic role in strengthening fiscal capacity, particularly in Mataram City, which requires greater funding for infrastructure development, education, and healthcare. The existence of regional levies is not only related to increased revenue but also represents the local government's ability to optimize services and utilize public facilities under its authority. However, despite its significant potential, the realization of regional levies remains suboptimal (AHMADI & HARSONO, 2025).

Graph 1.1. Mataram City Retribution Value for 2020-2025



As the provincial capital, Mataram City offers strong development prospects, with diverse community characteristics, ranging from modern groups with high purchasing power to traditional communities whose economies rely on markets. This diversity of characteristics creates a complex economic dynamic and opens up space for the development of various trade activities in urban areas. The existence of 19 traditional markets in six sub-districts presents an opportunity for the Mataram City Government to optimize local revenue (PAD) through market levies. Managing this potential is expected to benefit both the local government and the community (Yulianda et al., 2015).

Chart 1.2. Target and realization of market levies in Mataram City (billions of Rupiah)

Source (*Mataram City Trade Office*).

The problem in receiving market fees can be seen from the less than optimal management of the potential of traditional markets spread across various areas of the city.

Research conducted by Toduho (2014) showed that effectiveness was only achieved in 2013, while the 2009–2012 period had not yet reached an effective level. The average contribution of market levies to regional levies was 11.64% and to local revenue (PAD) was 5%. Despite its relatively small proportion, this revenue remains significant in supporting the financing of government administration (Toduho, Saerang, 2014). Furthermore, market levy revenue has not yet reached its target in several periods, indicating an unstable level of revenue effectiveness. This is due to the manual system used in market levy collection, which creates the potential for waste and leakage in certain periods (Indah et al., 2025). This instability demonstrates that the success of collection is not only determined by the size of the potential levy object, but also by the accompanying administrative and supervisory mechanisms. Therefore, from an efficiency perspective, the market levy collection process still faces various obstacles, where operational costs are not fully commensurate with the revenue obtained. These problems are also influenced by the levy collection system that has not been running optimally, low trader compliance in fulfilling levy payment obligations, and limited market facilities and infrastructure. This condition ultimately has an impact on the low contribution of market levies to Regional Original Income (PAD).

RESEARCH METHODS

This study implements a descriptive quantitative approach to systematically and comprehensively describe and examine the basic concepts of quantitative research, relying on various relevant scientific sources (Hidayat & Pahlevi, 2018). This study aims to visualize the level of effectiveness and efficiency of market levy revenues and the contribution of market levies to Locally Generated Revenue of Mataram City. The variables implemented in this study include effectiveness, efficiency, and market levy contributions. Research data was

obtained from relevant agencies involved in market levy revenue in Mataram City . This research was conducted from 2026 until completion, located in Mataram City. It consistently increased. This indicates that market levy revenues have tended to stagnate or have never reached targets in the past five years, making it interesting to examine further . In this study , the data used comes from agencies related to this research, such as data from the Mataram City Trade Office, including data related to the target and realization of market levy revenue in Mataram City in 2020-2025, then market levy collection data from the Mataram City Trade Office and the Directorate General of Financial Balance (DJPK), which includes data related to regional levies and PAD data for 2020-2025. The collection of data from various sources is intended to obtain more complete analysis material while supporting the comparability between targets and realization of revenue.

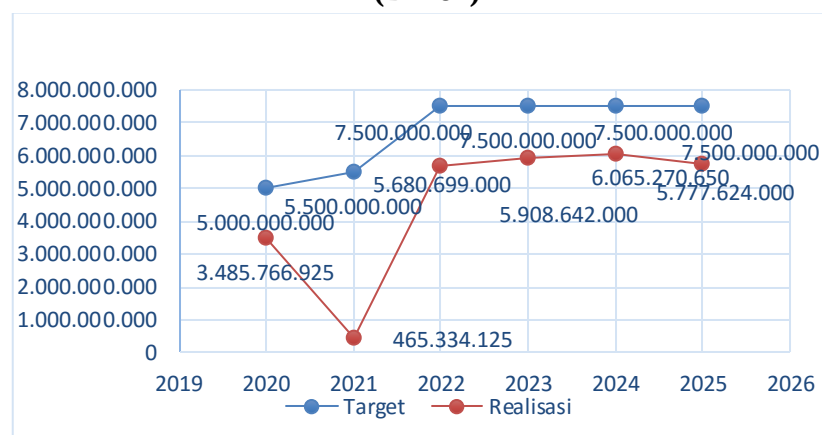
RESULTS AND DISCUSSION

1. Market Fee

Based on the Mataram City Regional Regulation on Regional Taxes and Retributions, Market Retribution is a regional levy imposed on individuals or entities for the use of market facilities provided, owned, and/or managed by the Regional Government. Market levies are collected as payment for services and use of market facilities provided to traders and users.

Market levies are one source of local revenue (PAD), serving to fund market services, maintain market facilities, and improve the quality of market infrastructure. Therefore, effective management of market levies is expected to increase regional revenue and provide optimal services to traders and market users .

Figure 4.3 Target and Realization of Market Retribution in Mataram City 2020-2025 (Billion)



Source. (Mataram City Trade Office).

2. Effectiveness Analysis

According to Hidayat (1986), effectiveness is a scale implemented to determine the extent to which predetermined targets can be achieved, both in terms of quality, quantity, and

time. The higher the percentage of target achievement, the greater the level of effectiveness of an activity or program. (Rifka Alkhilyatul, 2024)

Effectiveness analysis is implemented to identify the level of success in achieving the established objectives . To identify the level of effectiveness of market levies in Mataram City, the effectiveness formula can be used to calculate the effectiveness.

$$\text{Effectiveness} = \frac{\text{Realisasi Actual Levy CollectionRetribusi}}{\text{Levy Target}} \times 100\%$$

The level of effectiveness is classified into several groups, namely:

- a) 100% = Very effective
- b) 90–100% = Effective
- c) 80–90% = Quite effective
- d) 60–80% = Less effective
- e) <60% = Not effective

Collection effectiveness needs to be calculated to assess regional levy performance, as this measure reflects the level of levy revenue attainment. Based on the formula above, the analysis results are:

Table 4.4 Results of the analysis of the effectiveness of market levies in Mataram City

Year	Retribution Target	Retribution Realization	Effectiveness	Information
2020	5,000,000,000	3,485,766,925	69.72%	Less Effective
2021	5,500,000,000	465,334,125	8.46%	Ineffective
2022	7,500,000,000	5,680,699,000	75.74%	Less Effective
2023	7,500,000,000	5,908,642,000	78.78%	Less Effective
2024	7,500,000,000	6,065,270,650	80.87%	Quite Effective
2025	7,500,000,000	5,777,624,000	77.03%	Less Effective
Average			65.10%	Less Effective

Source: Mataram City Trade Office (processed data)

3. Efficiency Analysis

Efficiency is A scale implemented to measure the level of success of levy collection by comparing the costs incurred to the revenue generated. The lower the costs used to generate levy revenue, the more efficient the levy management. (Nurul Imamah, 2012)

Efficiency is measured by comparing the cost of collecting levies with the actual revenue. The lower the efficiency ratio, the more efficient the levy collection process.

The efficiency measurement formula is as follows:

$$\text{Efficiency} = \frac{\text{Levy Collection Costs}}{\text{Realized Levy Revenue}} \times 100\%$$

Classification of efficiency criteria, namely:

1. <90% means very efficient.

2. 90% - 99% means efficient.
3. 100% means quite efficient.
4. >100% means inefficient.

Based on the formula above, the analysis results are as follows:

Table 4.5. Results of Market Levy Efficiency Analysis

Year	Operational Costs	Retribution Realization	Efficiency	Information
2020	237,512,190	3,485,766,925	6.81%	Very Efficient
2021	237,512,190	465,334,125	51.04%	Not efficient
2022	237,512,190	5,680,699,000	4.18%	Very Efficient
2023	237,512,190	5,908,642,000	4.02%	Very Efficient
2024	237,512,190	6,065,270,650	3.92%	Very Efficient
2025	237,512,190	5,777,624,000	4.11%	Very Efficient
Average			12.35%	Very Efficient

Source: Mataram City Trade Office (processed data)

4. Contribution Analysis

According to Megawati (2016), the contribution of market levies is the amount of market levy revenue contributed to local revenue (PAD). Contribution analysis is conducted by comparing the realization of market levy revenue with the realization of local revenue (PAD) within a specific period. This comparison provides a quantitative basis for assessing the extent to which market levy revenue contributes to regional income during the observation period. The greater the percentage contribution, the greater the role of market levies in supporting the increase in local revenue (PAD). (Megawati, 2016).

Contributions are implemented to identify how much a revenue contributes to a larger total revenue. In market levy research, the contribution is calculated by comparing the realization of market levy revenue with the realization of PAD.

The formula for measuring Contribution is as follows:

$$\text{Contribution} = \frac{\text{Realized User Charges}}{\text{Realized Locally-Generated Revenue}} \times 100\%$$

Classification of contribution criteria, namely:

- 1) 0–10% = Very poor
- 2) 10–20% = Less
- 3) 20–30% = Moderate
- 4) 30–40% = Good enough
- 5) 40–50% = Good
- 6) 50% = Very good

Based on the formula above, the analysis results are as follows:

Table 4.6. Results of Market Levy Contribution Analysis

Year	Realization of Retribution	Locally-generated revenue	Contribution	Information
2020	3,485,766,925	363165361010.56	0.96%	Very less
2021	465,334,125	392556124241.49	0.12%	Very less
2022	5,680,699,000	431294086278.05	1.32%	Very less
2023	5,908,642,000	441704170511.83	1.34%	Very less
2024	6,065,270,650	598933660815.99	1.01%	Very less
2025	5,777,624,000	670882977854.07	0.86%	Very less
Average			0.93%	Very less

Source: Mataram City Trade Office (processed data)

A. Effectiveness Analysis

The study findings show that the effectiveness of market levies in Mataram City in 2020–2025 was classified as less than optimal, with an average effectiveness of 65.10%. This means that the realization of market levy revenue has not been able to reach the Regional Government's targets. However, the findings from the above data are in line with the study by Anni Safitri and Fangela Myas Sari, revealing that the level of effectiveness of market levy revenue in Pekalongan Regency from 2017–2021 is in the less effective criteria, with an average effectiveness of 82.07%. The study explains that the failure to achieve the levy revenue target is due to various obstacles in the process of collecting and managing market levies. (Safitri et al., 2022).

This study's findings are also supported by Alexanderina Sauyai's study, which revealed that Sorong City's regional levy revenue averaged 60.88%, falling within the less effective category. The study concluded that this low effectiveness stems from the inability to realize levy revenue. reach the target Local government. (Sauyai et al., 2022).

Therefore, the findings of this study indicate that the average effectiveness of market levies in Mataram City for the 2020–2025 period was 65.10%, thus falling into the less effective category. This indicates that market levy revenue realization has generally not been able to meet the regional government's targets. This condition indicates that revenue achievement still faces several limitations, preventing the available potential from being optimally converted into regional revenue. Although the effectiveness rate reached 80.87% in 2024, categorized as moderately effective, overall market levy revenue effectiveness was not optimal, as revenue realization fell below target in other years. The increase in 2024 demonstrates the potential for improved revenue achievement if management and collection mechanisms are more optimal. This condition indicates that there is an obstacle. on regulation and collection of market levies, as a result the potential revenue from levies cannot be used effectively These obstacles need to be viewed as part of the revenue governance issue, which includes the data collection, collection, monitoring, and compliance of parties obligated to pay levies.

Therefore, the findings of this study indicate that the Mataram City Government needs to improve the effectiveness of market levy collection by strengthening oversight of levy collection implementation, optimizing the levy administration and payment system, increasing awareness and compliance among traders in fulfilling their levy payment obligations, and improving the quality of market facilities and infrastructure. These efforts are expected to increase the realization of market levy revenues so that the predetermined targets are achieved . can be achieved, even exceeded, in the next period.

B. Efficiency Analysis

The study findings show that the efficiency level of Mataram City's market levies from 2020–2025 falls within the highly efficient criteria, with an average efficiency ratio of 13.28%. This indicates that the operational costs involved in market levy collection are relatively low compared to the revenue collected. Therefore, market levy management can be said to be running optimally, generating higher revenue . compared to the funds expended. The findings of this study align with those of Imamah and Irwantoro (2012), who stated that market levy collection in Sidoarjo Regency is considered efficient because the funds expended are lower than the levy revenues received. These findings indicate that the lower the efficiency ratio, the better the local government's performance in managing market levy collection. (Nurul Imamah, 2012).

This study is supported by a study by Safitri and Sari (2022) in Pekalongan Regency. The study showed that market levy efficiency was highly efficient because the costs incurred in the levy collection process were much lower than the revenue collected. This condition indicates that market levy management has been implemented well and has been able to minimize operational expenses. This finding aligns with the findings of this study, which shows that market levy collection in Mataram City from 2020–2025 has been running efficiently, so that the levy revenue obtained is able to cover operational costs incurred in collection activities. (Safitri et al, 2022).

The study findings show that the level of efficiency of market levy collection in Mataram City in 2020–2025 reached an average of 12.35%, so it is included The criteria are highly efficient. This demonstrates that the operational costs incurred by the Mataram City Government in collecting market fees are relatively low compared to the revenue generated. In other words, the market fee collection process has been implemented efficiently because the government is able to generate greater revenue with low operational costs.

Although efficiency levels have fluctuated over the years, overall operating costs remain low compared to actual market levy revenue. This reflects the Mataram City Government's ability to optimally control collection costs, allowing market levy collection to proceed smoothly without requiring excessively high operational expenditures.

Thus, the results of this study indicate that the Mataram City Government has successfully implemented efficient management of market levy collection costs. However, the local government still needs to maintain this level of efficiency through appropriate

operational budget management, improving human resource quality, utilizing digital-based payment systems, and strengthening oversight of levy collection implementation. These efforts are expected to maintain and even improve the efficiency of market levy collection in subsequent years.

C. Contribution Analysis

Based on the calculation findings, the contribution of market levies to Mataram City's Regional Original Revenue (PAD) during 2020–2025 was 0.96%, 0.12%, 1.32%, 1.34%, 1.01%, and 0.86%, respectively. With an average contribution of 0.93%, the contribution of market levies to Mataram City's Regional Original Revenue (PAD) is categorized as very low. This low contribution indicates that market levy revenue has not been able to contribute significantly to Mataram City's total Regional Original Revenue (PAD). Although market levy revenue increased in 2022 and 2023, the percentage contribution remains low because Mataram City's Regional Original Revenue (PAD) is much greater than market levy revenue. This condition indicates that Mataram City's PAD sources are still dominated by other sectors, such as regional taxes and other regional revenue sources. Therefore, the findings of this study align with the study by Hurul Indah et al. in Palu City, which showed that the average contribution of market levies to Regional Original Revenue (PAD) was only 0.75%, thus falling into the very low category. The study explains that despite the relatively high effectiveness of market levy collection, their contribution to local revenue (PAD) remains low because the value of market levy revenue is relatively small compared to the total PAD received by local governments. (Indah et al., 2025).

The results of this study are consistent, as they show that the contribution of market levies fluctuates and tends to decline due to a higher increase in local revenue (PAD) compared to an increase in market levies. The researchers concluded that there is no significant effect between the contribution of market levies and local revenue (PAD) in Jombang Regency. (Anam et al., 2021).

The study findings show that the contribution of market levies to Mataram City's Regional Original Revenue (PAD) in the 2020–2025 period averaged 0.95%, thus falling within the very low category. This figure indicates that market levies remain a limited proportion within the regional revenue structure during the observation period. This condition also suggests that potential revenue from market activities has not been fully converted into a source of revenue with significant fiscal weight for the region. This indicates that market levies contribute only a relatively small portion to Mataram City's overall PAD. This low percentage contribution can be used as an evaluation to identify factors that prevent market levies from contributing significantly. Such an evaluation is crucial to ensure that the existence of markets as a space for community economic activity is accompanied by more orderly and optimal revenue management. Although market levies are a component of PAD, their role is still unable to provide a tangible contribution compared to other PAD sources, such as regional taxes and other legitimate regional original revenues.

This low contribution indicates that the increase in market levy revenue has not been accompanied by an increase in its contribution to total Regional Original Revenue (PAD). This is because Mataram City's overall PAD is much larger than market levy revenue, so the resulting contribution percentage remains very low. Therefore, although market levy revenue has increased in several years during the study period, its contribution to PAD remains relatively low.

Therefore, the findings of this study indicate that the Mataram City Government needs to continue optimizing market levy revenue by improving the quality of market services, organizing and maintaining market facilities, strengthening the levy collection system, and increasing merchant compliance with levy payment obligations. The local government also needs to conduct regular data collection and evaluation of potential market levy objects to increase levy revenue and contribute even higher levels to regional revenue (PAD) in the future.

CONCLUSION AND SUGGESTIONS

Based on the findings of the study on the effectiveness, efficiency, and contribution of market levies to the Regional Original Revenue (PAD) of Mataram City in 2020–2025, it can be concluded that the management of market levy revenue is still not optimal in supporting the increase in PAD. The analysis results show that the average level of effectiveness of market levies is 65.10%, so it falls into the less effective category. This situation shows that the realization of market levy revenue in most of the research years has not been able to reach the target. The average efficiency level of 12.35% indicates that the market levy collection process has been carried out very efficiently, because the operational costs incurred are relatively small compared to the revenue obtained. However, the average contribution of market levies to PAD is only 0.95%, so it is still considered very low. These results indicate that although collection costs have been managed efficiently, market levy revenue has not been able to channel a significant contribution to increasing the Regional Original Revenue (PAD) of Mataram City.

Based on the research results, the Mataram City Government, through the Trade Office, is expected to improve the effectiveness of market levy revenue by strengthening the monitoring system for levy collection, regularly updating levy payer data, and improving the quality of service to traders to increase compliance in paying levies. Furthermore, the local government needs to evaluate the market levy revenue target to ensure it aligns with existing potential and optimally achieves the target. For future studies, it is recommended to expand the study by adding other variables suspected of influencing market levy revenue, such as the level of levy compliance, market service quality, and the levy collection system. Therefore, the study findings are expected to provide a more comprehensive illustration for consideration in efforts to increase market levy revenue and its contribution to local revenue (PAD).

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