Elasticity and Effectiveness Analysis of Local Own-Source Revenue in Central Maluku, Indonesia

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Abstract: Local Own-Source Revenue (LOSR) of a regional is one source of revenue that aims to give authority to local governments to fund the implementation of autonomy in accordance with the potential of the region. The purpose of this study are: (1) To determine the elasticity of the LOSR in Central Maluku Regency; (2) To determine the effectiveness of the OSR in Central Maluku Regency; and (3) To determine the role of the LOSR to strengthening Fiscal Capacity in Central Maluku Regency. The method of research used in this research is descriptive quantitative analysis, using analysis tools, such as elasticity, fiscal effort (effectiveness), and the degree of fiscal decentralization (DFD). The results showed that: (1) The elasticity does not occur during the 2009-2012 period. It's because the value < 1. Elasticity is only achieved in the period of 2013. (2) The effectiveness of LOSR is quite effective. (3) The role of OSR if measured by the DFD, shows the fiscal capacity is very low during the 2009-2013 periods. So, the pattern of relationships should be created between the local government of Central Maluku and the central government is instructive relationship patterns.

Keywords: Elasticity, Effectiveness, Local Own-Source Revenue (LOSR)

INTRODUCTION

Background of The Study

Regional development is part of the national development and is growing in line with the authority to manage the resources of the revenue earned on the principle of local autonomy. In general, authority over regional autonomy outlines opportunities for enhancement of democracy and regional performance, focus to the public welfare through decentralized development. Based on autonomy, government can provide different services with different levels according to the preferences of the people of a region [1].

The implementation of the decentralization is also expected to encourage increased participation and creativity in the development community, and encourage equitable development throughout the region by exploiting the potential of and resources available in each region. One delegation of authority from the central government to the regional government is the fiscal decentralization which includes revenues and expenditures of local government. The revenue consist of three kinds, i.e.: (1) Local Own-Source Revenue (LOSR); (2) Fiscal balance transfer (from the central government to regions); and (3) Other kinds of local revenue legitimate.

The phenomenon that occurs during this time is most of the regions in Indonesia rely on sources of revenue from the Fiscal Balance Transfer, to fund the Local Government Expenditure and paid little attention to optimizing the potential sources of revenues that are derived from the LOSR. The same phenomenon occurred in Maluku province, where the largest revenue to cover the government expenditure is fiscal balance transfer as value as 73% for the years 2009-2013.
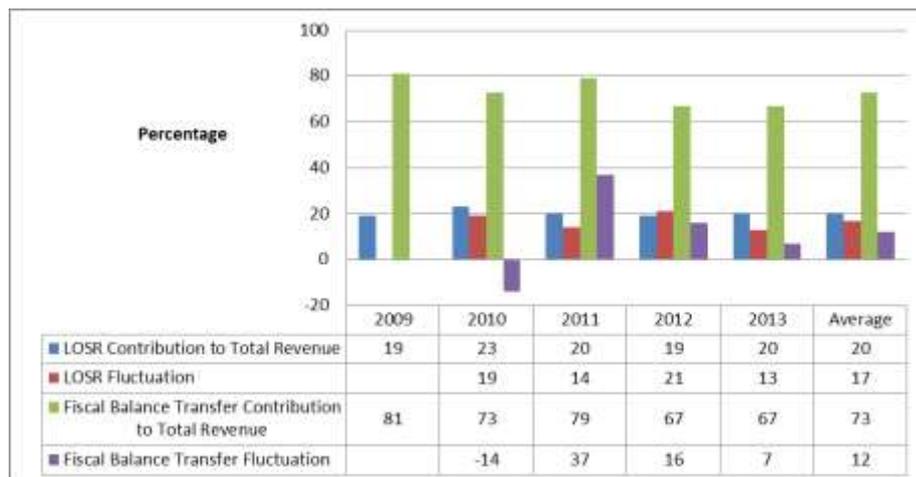
Fig-1: Contribution and Fluctuation of Fiscal Balance Transfer and Local Own-Source Revenue in Maluku Province, Year 2009-2013
Source : Local Government Revenue, Finance, and Asset Office of Maluku Province

Figure 1 show the amount and compare of the LOSR and Finance Balance Transfer of Maluku Province in five years. Both increased, but the amount of Finance Balance Transfer is greater. Central Maluku Regency is one of the eleven Regencies/Cities in the Maluku Province. As other region, to cover government expenditure in Central Maluku dominant by Fiscal Balance Transfer from state government. The average value of fiscal balance transfer contributions to Central Maluku government budget for the years 2009-2013 is 88.21%. However, the LOSR of Central Maluku Regency is very low, the average amount for years 209-2013 about 2.81% compare with the amount of Central Maluku government budget. Central Maluku Regency is not independent because the minimum threshold for running regional autonomy that is if the LOSR is 20% of total revenue. If less than 20%, the local will lose their credibility as an independent entity [4].

Table 1: Local Own-Source Revenue and Fiscal Balance Transfer in Central Maluku Regency, Year 2009-2013

Year	Local Own-Source Revenue (Indonesian Rupiah)	Fiscal Balance Transfer (Indonesian Rupiah)
2009	14,674,577,314.09	538,583,998,269.00
2010	12.397542.338,97	698,583,796,300.00
2011	11,123,580,526.80	779,858,849,000.00
2012	12,131,576,687.00	776,521,805,895.00
2013	24,373,644,045.81	897,499,796,199.00

Source : Local Government Revenue, Finance, and Asset Office of Central Maluku Regency

The criteria of Fiscal Independence from the area income by 20% that means LOSR is a barometer and become one of the indicators for measuring capacity and financial independence of a region. According to Indonesian Law No. 33 Year 2004 on Financial Balance between Central and Local Government, LOSR is the revenue earned by the region according to local regulations. Financial independence level of an region can be seen from the contribution of LOSR against the Total Revenue in the Regional Budget (APBD). The higher proportion of LOSR of the total revenue in the regional budget, the better level of financial independence, and bigger financial capacity of an area to finance the implementation of the tasks of government and development.

The proportion of contributions that show fiscal dependence on the central area, this indicates that the Central Maluku District Government has not fulfilled the responsibility to obtain independent funding sources through LOSR. This condition can be confirmed by looking at the average growth per year has fluctuated with the negative growth trend of the years 2009-2011, while the positive growth in the years 2012-2014.
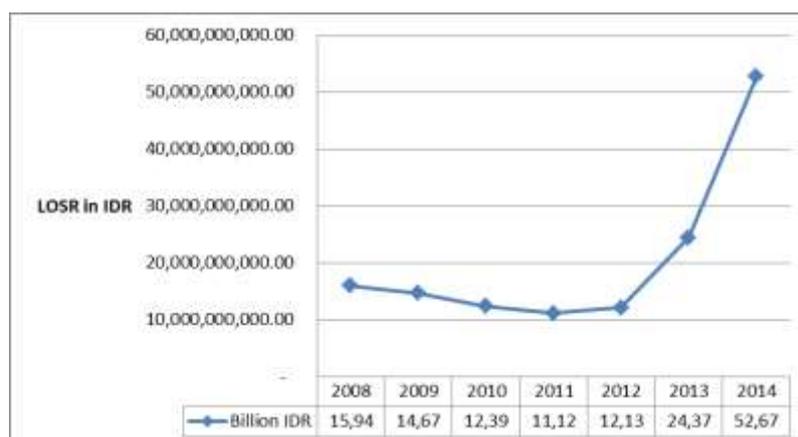
Fig-2: Fluctuation of Local Own-Source Revenue in Central Maluku Regency, Year 2008-2014
Source : Local Government Revenue, Finance, and Asset Office of Central Maluku Regency

Looking at the components forming the LOSR in Central Maluku Regency envisaged that the highest contributor to revenue component originating from the fees and charges for services provided (*retribusi*) contributions for five years (2010-2014) amounted to 38.47%, followed by other legal revenues by 27.73%, and the local tax component is a contributor to three or by 23.49%. Seeing the development of LOSR who experienced volatile, where the condition of negative growth rates, as well as positive growth occurs. These fluctuating changes certainly will be a question of whether it is the performance that has been achieved in the last decade 2012-2014 has shown the desired condition that their fiscal independence? Based on the growth of over 100% or even vice versa. Whether the rate of change of LOSR in the timeframe of research data 2009-2013, has shown high elasticity, where the elasticity will show the direction of the sensitivity of LOSR in response to the Gross Domestic Regional Product (GDRP) as the basis of LOSR. And whether the rate of growth that has been achieved has been shown effective effort? in the income where there is a positive growth rate with growth of over 100% in the years 2012-2014, and is otherwise in 2010-2011 has not occurred efforts to achieve effective? To determine the performance that has been achieved based on an overview of existing data, this study is important. A region can be said to be able to implement regional autonomy if the region can get its own financial resources, manage and use them effectively and efficiently in the implementation of development finance. The point is the dependence on financing from the central government attempted decreased or minimized. How big is the ability to be achieved from the income show the performance of Central Maluku Regency?

RESEARCH OBJECTIVES

Based on the phenomenon that has been described, it is very interesting to be further examine on the extent of the level of the fiscal performance capabilities of Central Maluku Regency government based financial independence seen from the level of elasticity, the effectiveness and the role of the work done in driving the acceleration of development in Central Maluku. This study aims: (1) to know the elasticity of the LOSR of Central Maluku Regency; (2) to determine effectiveness of the LOSR of Central Maluku Regency; and (3) to know the role of LOSR to strengthening Fiscal Capacity in Central Maluku Regency.

LITERATURE REVIEW
Regional Development and Local Own-Source Revenue (LOSR)

Development as a process undertaken by the government together with the entire community through the optimization of all potential resources owned by an area, with the ultimate goal is to improve welfare. Welfare condition better synergize all aspects of economic, social and cultural, that is why according to Porter (1976) in Syamsiah (2009), about the study of national development is as a means of transformation of economic, social and cultural. This statement is confirmed by Tikson (2005) in Syamsiah (2009), that national development is the transformation of economic, social and cultural deliberately through policies and strategies towards the desired direction. In this study, it is the policies and strategies undertaken by local governments in terms of gaining acceptance from sources owned regional revenue.

LOSR is one source of revenue that aims to give authority to local governments to fund the implementation of autonomy in accordance with the region's potential as an embodiment of decentralization. But in reality the ability of each region is not the same. Some regions in Indonesia have very low LOSR while the local government autonomy also managed to increase revenues.

Through regional autonomy make most areas that the LOSR are still very low concerned, because the logical consequence, the region acceptance will be gradually reduced from the central government. Regions must learn to be independent and seek to increase revenue as well as seeking new opportunities that can add to the source of acceptance. In harmony with this matter, Budiyana [2] in his research suggests that regional governments have a database of the entire LOSR, so that optimization of LOSR can be done. LOSR come from: (1) local taxes; (2) fees and charges for services provided (*retribusi*), (3) revenue from the government's assets management that are separated; and (4) other revenue legitimate. Considering most of the region in Indonesia, including Maluku province is still very limited in the area of development finance; there is a relationship that is built up between local government and central government. The relationship will depend on the ability the region has.

According to Paul Harsey Theory in Mardiasmo [3] describe the pattern of relationship between central government and local governments seen from the degree of fiscal autonomy is divided into four classifications, namely:
1) Instructive Relationship Patterns
   The local government has gained more direction and guidance from the central government, so that the level of independence is lacking. This area can be classified as areas that are unable or less able to carry out the affairs of autonomy.
2) Consultative Relationship Patterns
   Guidance and intervention of the central government has begun to decrease due to the ability of local governments increased. This area is classified as an area that few can afford to carry out the affairs of autonomy.
3) Participatory relationship patterns,
   Directives given from the central government decrease, is relevant to local authorities that had a higher level of independence. This area is classified as approaching the area capable of carrying out the affairs of autonomy.
4) Delegative relationship patterns,
   The central government greatly reducing or eliminating interference in managing the affairs of autonomy, because the local government really has matured and able to be independent. This area is classified as an area capable of carrying out the affairs of autonomy.

Potential, Tax Effort, Efficiency, Effectiveness, and Elasticity

Aspects of Operational Assessment (Potential, Power/Tax Effort, Efficiency, Effectiveness, elasticity) Local tax is one element of the LOSR, which is expected to be managed optimally to improve the ability of local finances. In managing the local tax and local fees and charges for services provided need to know the real tax potential and used the principles of efficiency and effectiveness and with regard to the power and elasticity of tax.

Potential tax is the result of findings in the field of data collection relating to the number and frequency of tax object which is then multiplied by the tax base. Potential Tax determine the amount of local taxes that may be collected, thus the amount of the tax potential need to know to determine the amount of the tax revenue target in the period. This will facilitate the planning and control of the implementation of the tax collection [3]. Tax effort show a comparison between the results of a tax system with the ability to pay a local tax. Ability to pay tax an area commonly measured by Gross Domestic Regional Product (GDRP). Tax effort is the analysis used to determine the outcome of a tax system in comparison with the ability to pay local taxes. Estimator's ability to pay taxes used is the GDRP. If the GDP increases, the ability of taxpayers to pay taxes in the area will increase and vice versa [5]. Efficiency is often said to be a comparison between the costs incurred to acquire a particular type of data is calculated using the costs associated with collection costs.

Devas [6] categorizing the criteria of regional tax collection efficiency measurement is as follows:
1) Collecting cost of tax less than 20%, means very efficient
2) Collecting cost of tax more than 20% and less than 85%, means efficient
3) Collecting cost of tax more than 85% means inefficient

Efficiency is the ratio of output and input associated with performance standards/targets set, so efficiency is the best ratio between the output and cost (input). Counting efficiency is intended to measure the ratio between the costs of realization obtained. As better efficiency is when comparing costs with the realization that achieved the smaller value [7].

Effectiveness is a comparison between the realization of a revenue with the targets set. In other words, the effectiveness of the mean level of achievement working program with targets set can also be said to be a comparison between the outcomes with the output. Outcome is the goal / target set [7]. Based on the Ministry of Home Affair Government No. 690900-327, Year 1994 on Guidelines for Assessment and Financial Performance, Effectiveness Level Standards are set as follows [8]:
1) The coefficient of effectiveness is more than 100%, means very effective;

2) The coefficient of effectiveness is between 90% - 100% means effective
3) The coefficient of effectiveness is between 80% - 90% is quite effective
4) The coefficient of effectiveness is between 60% - 80% is less effective
5) The coefficient of effectiveness valued below 60% means ineffective

Elasticity analysis is a method to determine the sensitivity of a change in a type of tax revenue, if there is a change in the factors that influence it [9]. To calculate the elasticity level based on the data rate of growth of revenue realization for example Hotel Taxes compared to the GDRP change rate.

RESEARCH AND DATA ANALYSIS METHOD
Data analysis techniques used in this research is descriptive analysis method, which means that provide an overview of the situation based on the data available, along with references to the theory, namely through the tabulation and graphs, accompanied by some calculations through certain formulations to answer the research objectives.

Analysis of LOSR Elasticity
The elasticity of LOSR indicates the extent of the sensitivity of LOSR changes in response to changes in the GDP as base of PAD revenue. Calculation of this elasticity can demonstrate the ability to generate additional revenue in order to offset the increase in government expenditures. Elasticity indicates that the effects of the region's economy will affect the revenue base and subsequently the amount of revenue if managed properly would have been collected in the form of local taxes. Generally, elasticity is quite good when it is equal to or greater than 1 (one). The concept of elasticity has two dimensions. First, is the growth potential of the tax base, second is the convenience aspect to levy the tax growth.

LOSR elasticity to GDP is calculated using the formula:

$$Elasticity = \frac{\%\ Change\ in\ LOSR}{\%\ Change\ in\ GDRP}$$

Tax effort is the ratio of tax revenue with the capacity or ability to pay the tax in an area. One indicator that can be used to determine people pay power is the Gross Domestic Regional Product (GDRP). If the GDP of a region increases, the region's ability to pay *(ability to pay)* will increase and this means that the local revenue administration can improve its tax effort in order to increase tax revenues [3].

Analysis of Fiscal Effort
Fiscal effort in this study were calculated using two indicators, namely,
1) LOSR Collecting effort by the formula:

$$LOSR\ Collecting\ Effort = \frac{LOSR}{GDRP}\ X\ 100\%$$

2) Effectiveness of LOSR

$$Effectiveness = \frac{Realized\ of\ LOSR}{Target\ of\ LOSR}\ X\ 100\%$$

Analysis of Fiscal (LOSR) Performance
In this study the LOSR performance of Central Maluku Regency can be analyzed using two indicators, namely,
1) LOSR Performance Index (LOSR-PI).

$$LOSR - PI = \frac{LOSR\ Collecting\ Effort}{LOSR\ Standard\ (LOSR\ Maluku\ Province)}$$

2) Routine Capabilities Index (RCI)

Routine capability index (RCI) is one measure of fiscal capacity through the revenue to finance its regular activities which are expenditures that must be done in the framework of the implementation of the Local Government. RCI is the ratio between the LOSR to routine government expenditure budget.

$$RCI = \frac{LOSR}{Routine\ Expenditure}\ x100\%$$

Regional fiscal independence (RFI) is a measure of fiscal capacity via the LOSR to finance the covering of the government expenditure. Fiscal independence is obtained by calculating the ratio between the LOSR with the regional government budget. And in this study the fiscal independence of Central Maluku district will be analyzed through two indicators, namely :
1) The degree of fiscal decentralization (DFD)

$$DFD = \frac{LOSR}{Total\ Revenue}\ X\ 100\%$$

2) Fiscal Independence Elasticity

$$Elasticity\ of\ DFD = \frac{\%\ Change\ of\ LOSR}{\%\ Change\ of\ Total\ Revenue}$$

RESULTS
LOSR Elasticity
The size of the GDRP growth reflects the amount of LOSR. In other words, a portrait of the GDRP will also give directions to the potential for improving revenue. Basing on Table 2, illustrated that GDRP growth has fluctuated. The GDRP at market

price growth on average of 5.94%, while GDRP at current price is 15.42%.

Table 2: Growth of ross Domestic Regional Product (GDRP) in Central Maluku Regency, Years 2009-2013

Year	GDRP at Market Price			GRDP at Constant Price (2000)		
	Thousand IDR	Growth (%)		Thousand IDR	Growth (%)	
2009	1,046,800.60	12.1	Difference	592,946	5.6	Difference
2010	1,186,964.97	13.4	1.3	621,693	4.8	-1.2
2011	1.409.091.37	18.7	5.3	662,425	6.5	1.7
2012	1,683,724.81	19.5	1.2	714,189	7.8	1.3
2013	1,909,831.32	13.4	-6.1	749,988	5.0	-2.8
Average Growth		15.42			5.94	

Source: Central Bureau of Statistic of Central Maluku Regency

Table 3: LOSR Elasticity to Gross Domestic Regional Product of Central Maluku Regency

Year	LOSR		GDRP		Elasticity of
	(IDR)	Δ %	(IDR)	Δ %	LOSR
2009	14,674,577,314.09	- 7.96	1.046.800.60	12.1	-0.66
2010	12,397,542,338.97	- 15.5	1,186,964.97	13.4	-1.16
2011	11,123,580,526.80	-10.28	1.409.091.37	18.7	-0.55
2012	12,131,576,687.00	9.06	1,683,724.81	19.5	0.46
2013	24,373,644,045.81	100.91	1,909,831.32	13.4	7,53

Source: Central Bureau of Statistic of Central Maluku Regency

The calculation of LOSR elasticity results that respond to the GDRP growth presented in Table 3. The amount of LOSR during the years 2009-2011 showed negative growth, due to a decline in receipts, this negative growth if they see GDRP growth figure is precisely reversed, where GDRP growth has increased significantly, which would affect the rate of growth characterized by a positive value. GDRP growth this positive caused an increase in some of the potential sectors, namely in the sectors: trade, services, transport and industry, while agriculture sector growth is declining, where the trade sector has shifted the agricultural sector of the first order to the order to two contributors for the establishment of the largest Gross Domestic Regional Product.
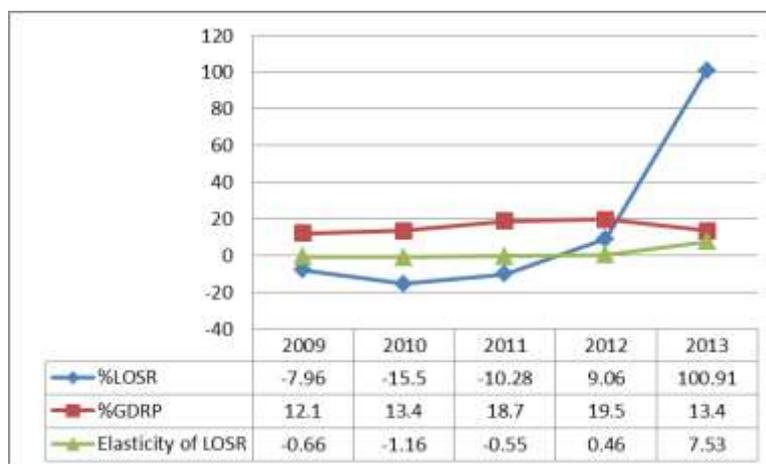

Fig-3: Fluctuation of Percentage Change of LOSR, Percentage Change of GDRP, and LOSR Elasticity in Central Maluku Regency, Years 2009-2013
Source: Central Bureau of Statistic of Central Maluku Regency

Negative elasticity of 2009-2011 and the worst in 2010 is -1.16, while at the same position at the time the amount of GDRP showed positive growth. This means that in the year 2009-2012 GDRP growth increase but revenue from LOSR decreases, in other words the passion is not always encouraged economic growth along with the ability to withdrawal of LOSR.

Based on the value of elasticity which describes the acquisition period in which the elasticity of LOSR is still very minimal revenue shown by the

value that is not elastic since 2009-2012, although in 2012 the existing twisted higher activity in making efforts so that the acceptance of the value of elasticity is no longer mines but yet elastic however, which can be understood through the elasticity of this is to describe the effort is very high because it is accompanied by the year 2013 the value of LOSR increases drastically.

Effectiveness of LOSR

To analyze the effectiveness of LOSR, it must compare the target and realization of LOSR. Table 4 show the detailed of the target, realization, and percentage of the realization against the target of LOSR.

Table 4: Target, Realization, and Effectiveness of LOSR in Central Maluku Regency, Years 2009-2013

Year	Target of LOSR (IDR)	Realization of LOSR (IDR)	Effectiveness of LOSR (%)
2009	15,665,429,000.00	14,674,577,314.09	93.67
2010	20,275,832,621.00	12,397,542,338.97	61.14
2011	20,698,901,000.00	11,123,580,526.80	53.74
2012	11,598,785,000.00	12,131,576,687.00	104.59
2013	27,058,337,000.00	24,373,644,045.81	90.08
Average	19,059,456,924.20	14,940,184,182.53	80.64

Source : Local Government Revenue, Finance, and Asset Office of Central Maluku Regency

Based on Table 4 illustrated that the average within five years of LOSR is effective with a value of 80.64%, and if view per year instead of 2012 LOSR highly effective achievement means that the results of the comparison realization in 2012 is very high compared with the targets set. On the basis of these figures also illustrate that the efforts to achieve the target of the government of Central Maluku Regency began to increase since 2012-2013, as in 2010-2011 considered ineffective. Ineffectiveness of achievement in the years 2010-2011, because the government is not able to realize the value of existing targets in other words the target > of realization, which is reflected through the three components (taxes, wealth management and others decreased)

The Role of LOSR to Strengthening Fiscal Capacity in Central Maluku Regency

To determine the role of LOSR, which is strong or weak influence in the region, then the region must confront the amount LOSR with standard values. Which meant the standard value here is the LOSR of Maluku Province. In other words, to assess fiscal performance in Central Maluku Regency, the collecting effort of LOSR of Central Maluku Regency value will be compared with the value of the collecting effort of LOSR Maluku Province. If the value of the index is more than 1 (one) or > 1, it can be said fiscal performance in Central Maluku Regency are in a strong position and vice versa are in a weak position if it is less than 1 (one) or <1. To get the first performance index of LOSR, first here Table 5 show the collecting effort of LOSR in Central Maluku Regency.

Table 5: GDRP, LOSR, and the Collecting Effort of LOSR in Central Maluku Regency, Years 2009-2013

Year	GDRP (IDR)	LOSR (IDR)	Collecting Effort of LOSR (LOSR / GDRP x 100%)
2009	3.992,788.03	163,151,069,219.00	4.09
2010	4,251,356.30	193,406,250,927.77	4.55
2011	4,507,336.14	220,022,537,329.43	4.88
2012	4,861,349.96	266,244,708,619.88	5.48
2013	5111.309,39	300,781,889,649.81	5.88
Average			4.98

Source : Local Government Revenue, Finance, and Asset Office of Central Maluku Regency

The result of the acquisition of revenue to GDRP ratio of the province seem to reveal data that is not different from the results of the other calculation where the ratio is still very high in 2013 and 2012. On average the ratio of revenue to GDRP in Maluku province are in a position very strongly the value is above 1, or the value obtained by 4.98. Based on the value of the ratio obtained by the LOSR Performance Index (LOSR-PI) Central Maluku Regency is still very

weak because its value is still less than 1 or <1, where the highest LOSR-PI occurred in 2009 amounted to 0.343. While LOSR-PI the lower most of the components forming the LOSR is performing only wealth management area of 0.009.

Consider the elasticity of LOSR in average is inelastic and only elastic achieved in 2013, as well as efforts to achieve LOSR is still very low, the

effectiveness of LOSR who had only been on the criteria fairly and followed by the performance index is still low, whether this phenomenon will also be visible or describes the inability of Central Maluku Regency in the finance organization of independent development? To determine the condition of the independence of the region as well, to provide input to the pattern of

relationships that should be done by the government of Central Maluku Regency and the central government, it will be assessed by the ratio between the LOSR to Regional Budget (APBD). This ratio will illustrate the extent of the degree of independence of the Fiscal of Central Maluku Regency during 2009-2013.

Table 6: LOSR, Regional Government Budget, and Ratio in Central Maluku Regency, Years 2009-2013

Year	LOSR (IDR)	Government Budget (IDR)	Ratio (%)
2009	14,674,577,314.09	627,542,148,919.73	2.34
2010	12,397,542,338.97	584,878,201,954.97	2.12
2011	11,123,580,526.80	795,900,091,456.80	1.39
2012	12,131,576,687.00	866,658,994,111.00	1.40
2013	24,373,644,045.81	1,018,166,992,699.81	9.42
Average			3.33

Source : Local Government Revenue, Finance, and Asset Office of Central Maluku Regency

Value ratio between LOSR acquisition of the government budget, shows the highest value in 2013 amounted to 9.42%, the lowest in 2010 and 2011. The

results of this acquisition will be summarized in the table 4:11 to reveal the pattern of the relationship of the acquisition of DFD (Degree of Fiscal Decentralization).

Table 7: The Degree of Fiscal Decentralization in Central Maluku Regency, Years 2009-2013

Year	DFD	Financial Capability	Relationship Patterns
2009	2.34	Very low	Instructive
2010	2.12	Very low	Instructive
2011	1.39	Very low	Instructive
2012	1.40	Very low	Instructive
2013	9.42	Very low	Instructive
Average	3.33	Very low	Instructive

From the calculation of DFD, reflected overall fiscal capacity in Central Maluku Regency is still in the very low category, which is shown by the average value of 3.33 percent DFD. If observed in the five years all showed the same category number is very low, even in the year 2013 had the highest DFD figures but also still in the same category is very low. With the value of DFD which is still very low indicating that the district fund development activities are largely still very dependent on other sources of income outside of LOSR. This fact is seen clearly the acquisition value of the DFD be a clue justification that most of the implementation of development in Central Maluku district is the financing of the balance funds amounting to 88.21%. That means that the Central Maluku Regency is not independent because of regional autonomy in running his supposed 20% LOSR of total revenue [4].

Low DFD of Central Maluku Regency, on average, because in addition to the low contribution of LOSR are still very low, which attempts income is still very low through sources or potential charges or taxes and other sources of revenue other, also because there is an emphasis allotment of resources the income area through several regulations that limit the acceptance

especially the Law No. 34 Year 2000 is particularly constraining in the acquisition of land and building tax and Customs acquisition of Land and Building to be a part of central government revenue, the policy would result in a loss or reduction in local revenue, it is because effort income were very low, even though the outcome more favorable for the region, but because of the small income then the results will also be small, as well as the acquisition of an area not divided too small then the impact on small DFD.

Therefore, based on the above and considering the value DFD, the pattern is the pattern of relationships built instructive relationship, where the central government needs to provide guidance and supervision is very intensive and rigorous in terms of increasing the fiscal capacity in Central Maluku Regency.

CONCLUSIONS AND IMPLICATIONS
Conclusion

Based on the results of research and discussion we can conclude that the response of LOSR to GDRP change indicates inelastic level, and elasticity occurs only in the year 2013 amounted to 7.53%. The effectiveness of LOSR is effective with a value of 80.73%, that means about 19, 27% gain between

planning on the target with the realization ineffective. Among the fourth-forming component of LOSR, tax is the most effective on average with a value of 104%, above the value of LOSR. The role of LOSR as measured from the performance index, the average value is less than 1 (one) or amounted to 0.210. With the value of these criteria its still in a weak position. While the value of the province of Maluku is more than 1 (one) or 4.94, so the criteria that are in a strong position already. The role of LOSR, as measured by Degree of Fiscal Decentralization (DFD), showed very low fiscal capacity during 2009-2013.

Implications

Remembering that the role of LOSR is very important in realizing regional autonomy, it is expected that the local government can improve its ability to plan, digging the potential sources of revenue that is based on growth of GDRP.

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