

Analysis of Factors Affecting Original Local Government Revenue (PAD) on the Island of Sumatra

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ABSTRACT

Original Local Government (PAD) is one indicator of the independence of regional autonomy in an effort to explore potential and increase revenue sources. This study aims to analyze what factors affect Original local government (PAD). The factors analyzed are GDP Percapita, Number of Population, and Number of Tourists from 2013-2022 on the island of Sumatra. The data used in this study are Panel data with time series sequences from 2013 to 2022 and cross section data in Sumatra Province obtained from the Central Statistics Agency (BPS). The results of this study show that the variable GDP, population, has a positive and significant effect on PAD on the island of Sumatra, but the number of tourists has no effect and is not significant on PAD on the island of Sumatra.

INTRODUCTION

National development as an effort to realize the welfare of a just and prosperous society. Numerous national development initiatives aim to provide equitable development to every region that yet frequently experiences challenges with income collection. The Regional Autonomy Act has given Municipalities and Regencies more power. Regional autonomy is the right, power, and responsibility of autonomous regions to control and manage their own governmental affairs and the interests of local communities in compliance with laws and regulations, as specified in Law No. 32 of 2004. With regional autonomy, a new dimension emerges in the form of Decentralization and Deconcentration (Zuwesty, 2015). Decentralization, as defined by Law No. 32 of 2004, is the process by which the national government of the Republic of Indonesia transfers power to autonomous regional administrations in order to manage and control internal affairs. The implementation of fiscal decentralization provides opportunities for local governments to carry out their functions effectively, by being given freedom in making decisions on the provision of services in the public sector. For this reason, adequate financial resources must be supported from PAD.

Therefore, PAD optimization is important and local governments need to know what factors affect PAD as a basis for their policies in optimizing PAD. Furthermore, the acceleration of development can be realized which will later have an impact on other sectors that support economic growth such as the Industrial Sector and Tourism Sector (Nugroho, 2019) and an increase in the number of business fields (Luhur, 2019) in Central Java. The reason PAD matters is because it is a crucial metric for determining how well autonomy is being implemented. The quantity of PAD contribution in the APBD serves as a gauge for how well development, service enhancement, and community welfare have been implemented.

The level of regional independence is reflected in PAD, one of the regional income. Greater PAD indicates a region's ability to implement fiscal decentralization and less reliance on the federal government. Law No. 32 of 2004 governing regional governments and Law No. 33 of 2004 pertaining to the financial balance between the central government and regional governments govern decentralization and policies pertaining to regional autonomy. Therefore, it makes sense that PAD would be utilized as one of the benchmarks in the execution of regional development; yet, when considering the ratio of PAD to the regional budget, PAD is still insufficient to finance development. A few variables that may have an impact on PAD are the GDP, population, and number of visitors. Regional revenues sourced from regional tax revenues, regional retribution results, the results of segregated regional wealth management, and others original PAD seeks to give regions options in obtaining financing for the implementation of regional autonomy as an expression of the decentralization principle. (Sutedi, 2009).

The source of regional revenue in a broad sense is revenue which includes revenue derived from local governments themselves and income from central revenues. However, regional revenue in the strictest sense refers to the original local government's own receipt (PAD). The ability to manage regional finances, which requires autonomous areas to have the power and capacity to investigate their own financial resources, is the primary attribute of regional financial aptitude. The sources of regional revenue for implementing regional autonomy are defined as follows by Law Number 33 of 2004 concerning the balance of central and regional government finances: PAD, balancing funds, regional loans, and other lawful regional revenues.

Original Local Government(PAD) is revenue from the region itself consisting of 1) local tax revenues, 2) proceeds from regional retribution, 3) proceeds from regionally owned enterprises and the results of segregated regional wealth management, 4) other legitimate local original revenues. The available sources of funds are expected to support the implementation of local government activities. With more regional needs can be financed by Original Local Government(PAD), the higher the level of quality of regional autonomy, as well as the more independent in regional finance. All regional revenues have an important role in regional finances which are benchmarks in the implementation of broad, real, responsible and proportional regional autonomy. A region can collect more retribution services if it is more advanced, as this will lead to the provision of more facilities and services for the community's economic and social activities. Theoretically, a region's reliance on the center should decrease as PAD's share of regional revenue increases. With the increasing contribution, it is expected that local governments will be more capable financial his finances.

Table.1 Provincial PAD/PD Ratio in Sumatra Island in 2013-2022

PROV	2013	2014	2015	2016	2017	2018	20219	2020	2021	2022	average	Regional financial capabilities
Aceh	12,420	14,915	16,981	16,662	15,862	16,353	17,133	15,129	17,965	18,727	16,215	Less
North Sumatra	55,303	56,830	57,588	47,457	43,217	44,391	44,048	46,202	45,623	54,143	49,480	Good
West Sumatra	43,400	47,560	46,313	42,471	35,175	36,157	36,437	39,730	38,054	42,639	40,794	Keep
Riau	38,967	39,903	50,310	44,803	42,518	42,918	40,884	36,245	43,168	53,868	43,358	Good
Jambi	36,861	40,481	39,660	37,213	36,712	37,543	36,088	37,843	39,008	37,841	37,925	Keep
Bengkulu	30,961	33,836	32,160	31,057	28,688	30,586	28,175	25,560	32,258	36,849	31,013	Keep
South Sumatra	36,972	38,605	42,310	38,679	36,989	38,594	37,602	43,574	40,218	49,250	40,279	Keep
K.Babel	32,424	32,736	30,302	29,451	31,534	33,260	30,684	40,064	33,067	28,267	32,179	Keep
Lampung	45,395	50,252	46,944	42,385	40,369	40,347	41,531	38,464	43,506	50,430	43,962	Good
K.Riau	31,929	36,661	40,269	36,437	33,663	34,876	33,081	37,085	36,111	34,417	35,453	Keep

The degree of fiscal decentralization is a measure of the financial ability of local governments to finance regional expenditures, based on this measure it can be known the amount of ability to raise funds originating from the regions themselves. Furthermore, this measure is expressed as the Fiscal Decentralization Degree Ratio. The results of the calculation of the ratio are as presented in table 1. Based on Table 1, it can be seen that during the period 2013 – 2022, the ratio of degrees of fiscal decentralization on the island of Sumatra has regional financial capabilities with various categories where regional financial capabilities in the good category consist of 3 regions (Sumatra, Riau, Lampung), regional financial

capabilities in the medium category consist of 6 regions (West Sumatra, Jambi, Bengkulu, South Sumatra, K.Babel, K.Riau) and categories less consist of 1 region (Aceh). And there is no regional financial capacity with a very good category. Low regional financial capacity with an average of 16,215 in Aceh Province (less category) and highest regional financial capacity with an average of 49,480 in North Sumatra Province (good category).

GRDP can explain the ability of regions to manage the various resources they have, so that the value of the amount of GRDP in each region varies according to the potentials in the form of natural resources, capital resources, human resources and other production factors contained in the region itself. This can cause there to be developed regions and also underdeveloped areas, dependent on the potential possessed in the area and how to manage this potential to produce economic value that can increase economic growth. In measuring economic growth in the region, it can be calculated by the amount of Gross Regional Domestic Product (GDP) related to the increase in production of goods and services so that it can find out how the economic conditions in an area in a certain period of time. (Fisanti,2013)

Savings and the use of economies of scale in manufacturing will be encouraged by the growing population and technological advancements. Population growth is not a negative; rather, it is a necessary component that can promote economic expansion and progress. The population may be impacted by income levels. As the population grows, so does the amount of money that can be drawn in. (Santoso, 2005). Adam Smith clarified that, based on empirical data, rapid population growth can boost output by expanding and leveling up markets both domestically and internationally. Increasing population is therefore a requirement rather than a drawback, but rather a key factor that can promote economic growth and development. The population may be impacted by income levels. The population is one of the determining factors for the disparity in local original income. Population increase is one thing that is needed, and not a problem, but as an important element that can stimulate economic development and growth (Gde Bhaskara and A.A Bagus, 2014).

As per the Law Number 10 of 2009 concerning Tourism, tourists are defined as individuals or groups who engage in tourist activities, such as visiting specific locations for leisure, personal growth, or discovering the distinctiveness of tourist attractions for a brief duration. Travelers understand that a tourist is someone who temporarily resides somewhere other than their place of abode for a purpose other than business. People who travel are called travelers, while people who travel for tourist purposes are called tourists (Jaya Gde Bhaskara Perwira, & Widanta A.A Bagus Putu).

LITERATURE REVIEW

Theoretical Foundation

A pertinent theory that serves as a framework for explaining the variables under investigation, offering interim solutions to the problem formulation (hypothesis), and preparing research tools is known as the theoretical foundation. The hypothesis employed is one that has undergone extensive testing to ensure its veracity, rather than merely being the author's or another person's opinion. It is vital to present the following ideas or theories in relation to the issue and the topic of discussion in order to support this investigation.

Original Local Government

Definition of Original Local Government

Various theories explain the definition of Original Local Government (PAD) which is generally based on how much revenue a region gets from its own region, collected based on the regulations in force in the area. The following is the definition of PAD according to some experts: According to Halim (2004: 96) said that what is meant by Original Local Government is in the form of revenue obtained by an area that can be sourced from various sources in its own territory and collected based on the laws and regulations in force in the area. The regional revenue sector plays a very important role, because through this sector it can be seen to what extent a region can finance government activities and regional development. Then according to Samsubar Saleh (2003) in Libaran (2013) stated that: "Regional revenue is a component that determines the success or failure of the independence of the Regency / City government in the framework of regional autonomy at this time. One component that is highly considered in determining the level of regional independence in the framework of regional autonomy is the Original Local Government sector".

According to Halim (2004) in Libaran (2013) "Original Local Government is all regional revenue that comes from Regional Original Economic Sources. According to article 6 of Law No. 33 of 2004 paragraphs 1 and 2 states that regional revenue sources consist of Regional Original Revenue, Tax and Non-Tax Revenue Sharing. Original Local Government itself consists of: regional taxes, regional levies, the results of processing separated regional wealth, and other legal PAD". Drawing from a few of the aforementioned viewpoints, the writer arrives at the conclusion that Original Local Government accounts for all of a region's financial income. This income is derived from local resources, including local taxes and levies, and is subject to regional regulations.

Local Original Sources of Income (PAD)

Original Local Government consists of:

1. Local Tax
2. Regional Retribution
3. The results of the management of the wealth of the separated regions
4. Other legitimate local native revenue

1. Local taxes

According to Law Number 28 of 2009 article 1: Local tax is an obligatory contribution to the region owing by an individual or company that is coercive based on the Law, with no direct reimbursement and utilized for regional purposes for the greatest prosperity of the people.

2. Regional levy

According to Siahaan (2005) "regional retribution is a mandatory payment from residents to the state because of certain services provided by the state for its residents individually".

The objects of regional retribution consist of:

General Services

Public services are services provided or provided by local governments for purposes and public interests and benefits and can be enjoyed by private persons or entities.

Business Services

Business services are services provided or provided by local governments with commercial principles, because basically they can also be provided by private parties.

Certain Permissions

In the context of granting permits to private individuals or entities for the development, regulation, control, and supervision of activities, space utilization, use of natural resources, goods, infrastructure, facilities, or specific facilities in order to safeguard public interests and preserve the environment, certain permits are specific actions taken by local governments.

The Results of the Management of the Wealth of the Separated Regions

The result of the management of separated regional wealth is regional revenue derived from the management of separated regional wealth. This type of income consists of:

- a. share of profit on capital participation in regionally owned companies/BUMDs.
- b. share of profit on capital participation in State-owned enterprises/SOEs.
- c. share of profit on capital participation in private/group owned companies.

Other legitimate local native income

Other types of legitimate Original Local Government , provided to budget regional revenues that are not included in the types of local taxes, regional levies and the results of regional wealth management separated according to Law No. 33 of 2004 article 6 include:

1. Proceeds from the sale of regional assets that are not divided
2. Present-day account amenities
3. Income from interest
4. Acceptance of regional compensation claims

5. Receiving commissions, deductions, or other payments as a consequence of sales or the region's purchase of products and services;
6. Receiving money from the variation in the value of the rupiah relative to other currencies.
7. Penalty income from late work completion;
8. Income from tax penalties
8. Collect penalty money
9. Income from collateral execution
10. Revenue from returns
12. Public and social amenities
11. 13. Revenue from training and education programs
14. Revenue from sales and budget installments

Legitimate sources of local revenue (PAD) are regional offices and other revenues legally obtained by local governments. Other revenues as a source of Original Local Government (PAD) in the Regional Budget (APBD) include various types of receipts from the sale of tools and waste materials, receipts from rent, interest on bank loans and current accounts, and receipt of fines borne by contractors.

Gross Regional Domestic Product (GDP)

One macroeconomic metric that is frequently used to assess a nation's economic performance is its gross domestic product, or GDP. Gross Regional Domestic Product (GRDP) is used at the regional, provincial, and district/city levels. Theoretically, GRDP can be explained as a component of GDP, meaning that changes at the regional level will impact GDP or the other way around. According to Sadono Sukirno (2004), GRDP is one indicator of a region's economic development since it measures the total value of goods and services produced in a given area in a given year without distinguishing between the ownership of the production factors. However, GRDP also depends on the existence of the production factors that are used in the production process. The growth in GDP will translate into higher regional tax and levy collections. The area's PAD is rising as a result of this.

Three conceptual techniques are used to calculate the gross regional product: the production approach, the expenditure approach, and the income approach.

1. Production Methodology The amount of value added to products and services produced by the various units of production within the boundaries of an area in a specific amount of time, usually one year, is known as the gross regional domestic product. In this presentation, the Unit 0 production units are divided into nine business fields, or sectors, which are as follows:
 - a. agriculture, animal husbandry, forestry and fisheries
 - b. aquaculture and quarrying;
 - c. processing industry
 - d. electricity, gas and clean water
 - e. Construction
 - f. Trading
 - g. Hotels
 - h. Restaurant

- i. services (including government services).
2. The Gross Regional Domestic Product Expenditure approach is all the components of final demand consisting of:
 - 1) consumption expenditures of households and private non-profit institutions
 - 2) government consumption
 - 3) domestic fixed capital formation 21 gross
 - 4) inventory changes and
 - 5) net exports (i.e. exports minus imports)
 - 6)
3. The amount of compensation received by the components of production involved in the production process in a region over a specific time frame (often one year) is known as the Gross Regional Domestic Product Revenue Approach. Wages and salary, land rent, capital interest, and profits make up the compensation in issue; all of these are before income tax and other direct taxes are subtracted. According to this definition, net indirect taxes (indirect taxes less subsidies) and depreciation are also included in GDP. The presentation of GRDP is divided into two forms, namely GRDP on the basis of current prices and GRDP on the basis of constant prices. GDP on the basis of current prices, also known as nominal GDP, aims to calculate the GDP's value based on the structure of the economy and current year prices. On the other hand, GDP calculated using constant prices is derived from the base year's prices and is intended to gauge economic expansion. GDP is used to assess a region's ability to manage its economic resources, transitions, and structure based on current pricing. Meanwhile, real economic growth, or growth unaffected by price fluctuations, is measured year over year using GDP calculated on the basis of constant prices. By computing the GDP deflator (implicit index change), GRDP can also be used to determine changes in prices. The ratio of GDP according to current prices to GDP according to constant prices is known as the implicit price index number 22.

Gross Regional Domestic Product (GRDP) according to business field is grouped into sector 9 economies in accordance with the international Standard Industrial Classification of All Economic Activities (ISIC) as follows:

- 1) 1.Agriculture, Livestock, Forestry and Fisheries Sector
- 2) Mining and Quarrying Sector
- 3) Processing Industry Sector
- 4) Electricity, Gas and Clean Water Sector
- 5) Construction Sector
- 6) Trade, Hotel and Restaurant Sector
- 7) Transportation and Communication Sector
- 8) Financial Sector, Real Estate and Corporate Services
- 9) Services

The Effect of GRDP on Local Original Income

The constant GDP relationship to the regions has a positive impact due to the impact of economic activity in 9 sectors in the regions. If the economic activity of the 9 sectors increases, it is unlikely that it will have an influence on the size of regional PAD, because that some domestic sectors can be used to measure or estimate the increase in local original income directly, as well as Adi's research (2006; 6) concluded: every increase in GDP will have a positive and significant impact on PAD in local governments.

Population

According to Hudiyanto (2014), residents are any individuals who have lived in the Indonesian territory for six months or more, as well as those who have lived there for less time but intend to settle down. Three factors contribute to population growth, namely:

1. Fertility (birth)

Fertility as a demographic term is defined as the tangible reproductive outcome of a woman or group of women. In other words, fertility involves the number of babies born alive. Natality has the same meaning as fertility, only different in scope. Fertility concerns the role of birth in population change while natality involves birth in population change and human reproduction.

2. Mortality (death)

Mortality or mortality is one of the demographic components that can affect population change. Information about deaths is important, not only for the government but also for the private sector which is mainly involved in the economic and health fields. Death is the state in which all traces of life permanently vanish and can happen at any point following a live birth. Death data is needed, among others, for population projections for development planning. For example, fertility planning for housing, educational facilities, and other services for the benefit of the community. Mortality data are also needed for evaluation of population policy programs.

3. Migration

Migration is one of the basic factors affecting population growth. On the one hand, connectivity, particularly transportation, is improving, but given the causes pushing and pulling people to migrate, a regional migration review is especially crucial for the region. Migration is the movement of people across administrative, political, and state boundaries in a country with the intention of establishing somewhere else. So migration can be interpreted as a relatively permanent movement from one area to another.

The Effect of Population on PAD

The existence of population is related to economic activity, namely production and consumption. As the population increases, especially the age of the labor force, By using them as factors of production, it is feasible to increase the production of goods and services. Furthermore, these residents will get income which will later be used for consumption, so that taxes, levies and others from the goods and services produced become regional / city / district income (Rokhmanasari 2018). That is, the more the population increases, the higher the level of PAD realization received.

Number of Tourists

Tourism management, on the other hand, is the travel activity that is carried out by an individual or group of individuals by visiting certain places for recreational purposes, personal development, or, to put it simply, learning about the uniqueness of tourist attractions. Law No. 9 of 2009 concerning tourism defines tourists as people who carry out tourist activities. According to Sokeadijo (2000) in Purwanti & Dewi (2014), a tourist is someone who visits another country for at least 24 hours and the tourist comes for the following reasons:

1. Fill your free time to have fun with others.
2. Travel due to business concerns.
3. Travel to official meetings.
4. In the framework of cruise cruise, less than 2 hours.

The Effect of the Number of Tourists on Local Revenue

The number of tourists is the large number of foreign and domestic tourists visiting all tourist attractions. The influx of tourists will lead to the purchase of goods and services in the tourism sector which becomes a sector of taxes and levies, for example hotel taxes, restaurant taxes and entertainment taxes. However, a large number of tourists do not necessarily guarantee that foreign exchange earnings will be a lot as well. This is in accordance with research from Amerta and Budhiasa (2014) which says that the number of domestic tourists negatively affects the original income of the region, therefore the most decisive factor is the expenditure of tourists themselves. The more money spent in the country, the more foreign exchange the country receives.

Previous Research

Studies on regional financial capabilities have been conducted by a number of previous researchers. A summary of the research results is shown in Table 1.

Table.2 Summary of Previous Research

No	Researcher (Year)	Research Objectives	Variable	Method	Research Results
1	Chakim (2011)	factors affecting PAD in Madiun Regency in 1991-2010	population, GDP, government expenditure	Multiple regression	The study's findings demonstrated that each independent variable significantly influenced PAD both concurrently and partially.
2	Tama, Nuthayati (2017)	The purpose of the study is to analyze the factors that affect Original Local Government (PAD) in cities / regencies throughout Surakarta residency.	Number of Population and Government Expenditure	Panel data regression analysis.	The results of the study show that GRDP does not have a significant effect on local original income (PAD) while population and government expenditure affect local original income (PAD)
3	Prana (2016)	The purpose of this study was to determine the analysis of factors that affect the local original income (pad) of high cliff city.	number of inhabitants, GRDP,	Regression analysis	The results of the study that GRDP does not have a significant effect on local original income (PAD) while the population

4	Doga, Jiuhardi, Lestari (2021)	This study aims to analyze the factors that affect Local Original Income in Samarinda City	GRDP, Government Expenditure, PAD	Multiple regression analysis	The results of this study show that the variable Gross Regional Domestic Product has a positive and significant effect on the Original Income of Samarinda City. While the variable Government Expenditure has no effect
5	Asmurf, Makdalena.F., Viki A. Rumante and George M.V. K. 2015.	This study aims to analyze the effect of GRDP on PAD and analyze the influence of Population on PAD in Sorong City	number of inhabitants, GRDP,	Multiple regression analysis	The results of the GRDP Research do not affect PAD in Sorong City, the Number of Population affects PAD in Sorong City
6	Dahlia. (2012).	This study aims to determine how much influence the variables of population, GRDP, government expenditure and inflation on Local Original Income in Aceh Province.	population, GDP, government spending and inflation	Multiple linear regression analysis	The results of the study of population, ratio (government expenditure / GDP) and inflation together affect the PAD population and inflation variables have no effect on PAD
7	Ari Budiharjo, 2003).	This study aims to analyze what	GRDP, Number of Population,	Fixed Effect Regression	The results of the variables of GRDP,

		factors affect the Original local goverment(PAD) of Central Java	Regional Taxes and Levies	on Model	Number of Population, Regional Taxes and Levies and Number of Tourists have a positive and significant effect on local original income in the regencies and cities of Central Java
8	Reza Martha Bella Estanto Princess (2018)	This study aims to analyze what factors affect the Local Original Income (PAD) of Districts / Municipalities in DIY in 2007-2016	PAD Number of Tourists GRDP Investment PMDM	Panel Data Method	The variable number of tourists and GRDP has a positive and significant effect on PAD, while the investment variable has a positive and insignificant effect on PAD.
9	Akbar Fauzi Prawira (2016).	This study aims to analyze the factors affecting the local original income (PAD) of the Special Region of Yogyakarta in 2010-2014.	PAD GRDP Number of Population Number of Tourists Government Expenditure	Panel Data Regression.	Government expenditure and population variables do not have a positive and significant effect on PAD, GRDP variables have a positive and significant effect, while the number of tourists variable has a negative and

					significant effect on PAD.
10	Febri Umar Doni (2018)	Analysis of Influencing Factors Original Local Government(Pad) in The Provincial Government of Dki Jakarta	PAD GRDP Number of Population Number of Tourists Expenditure Local government	Panel Data Regression	The Population Variable partially has a negative insignificant effect, the GDP and Expenditure variables have a positive insignificant effect on PAD.
11	Triani and Kuntari (2010)	This study aims to analyze the Effect of Macro Variables on Local Original Income of Karanganyar Regency in 2003-2007.	PAD GRDP Population Inflation	Panel Data Regression	The GRDP variable has a positive and significant effect on PAD. Population Variable has a positive and significant effect on PAD Inflation variable has a positive and significant effect on PAD
12	Hening Fitria Sarasati El Rani (2016)	This study aims to analyze the factors that affect local original income (PAD) Case Study in the District / City of Ex-Karisidenan Pekalongan Period 2005-2014)	PAD GRDP Government Expenditure Number of Population	Panel data	Expenditure has a positive and significant effect on Regional Original Income, while Population Variables have no effect on Regional Original Income

13	Jaya & Widanta (2014)	This study aims to analyze the factors that influence the analysis of factors that affect the original income of Denpasar City	PAD Number of Tourists GRDP Number of Population	Multiple linear regression analysis	The number of tourists affects PAD, GRDP has a positive and significant effect on PAD, and the number of population has a negative and significant effect on PAD
14	Adi Nugroho (2014)	This study aims to analyze the factors of the Effect of Regional Taxes and Regional Levies on Original Local Government (PAD) Districts / Municipalities in Central Java Province for the 2010-2012 Period	PAD Local Taxes and Local Levies	Multiple Linear Regression Analysis	The results showed that the Regional Tax variable had a positive and significant effect on Original Local Government and the Regional Levy Variable also had a positive and significant effect on PAD
15	Devillian Fitri (2014)	This study aims to analyze the factors of the Influence of the Tourism Sector on Local Original Income (PAD) in South Pesisir District	PAD Number of Tourists Accommodation Facilities Shopping Tourist.	Multiple Regression Analysis	Variable Number of Tourism Variable Accommodation Facilities Variable and Variable Tourist Shopping Place have a positive and significant influence on Local Original Income in South Pesisir Regency

16	Andi Abdul Wahab, Rusdiah Iskandar , Irwansyah (2016).	Influence of Government investment and private investment and labor against domestic product gross regional and own local revenue Samarinda	PAD Government Investment Private investment Labor GRDP	SPSS	Government investment has a positive effect on PAD, while private investment, labor and GRDP have no effect on PAD in Samarinda
17	Togu Harlen Lbn Raja dan Putra Raja TUpload Hasugian (2018)	Influence Product Domestic Regional Gross (GRDP), Total Population, and Capital Expenditures on Regional Generated Revenue (A Case Study in Distric and Towns in North Sumatra Province (2010-2015)	PAD GRDP Total Population Capital Expenditure	Panel Data Regression with SPSS	This study shows that the variables of GDP, Number of Population and Capital Expenditure have a positive and significant influence on Original local government in North Sumatra
18	Andriani and Handayani (2008)	This study aims to analyze the factors of the influence of GRDP, Total Population on Regional PAD of Merangin Regency in 1991-2006.	PAD GRDP Number of Population	Multiple Linear Regression Analysis	GRDP has a positive and significant influence on PAD while the Population Variable does not have a significant influence on PAD in Merangin Regency
19	Dewi Silfa,	This study aims to analyze the	PAD Number of Population Taxes and	Multiple Linear Regression	The results of this study variable

	Fina (2018)	factors that affect local original income (PAD) in the city/regency of the former Pekalongan Residency in 2010-2016	Levies Regional Shopping Areas	on Analysis	Number of Population have a negative effect, regional taxes and levies and GRDP have a positive and significant effect on PAD. Meanwhile, the Regional Expenditure variable does not have a significant effect on PAD
20	Hidayat ulah (2011)	This study aims to analyze the factors affecting GDP, population and inflation on NTB Province PAD in 2005-2008	Dependent Variable: - PAD Independent Variable: - GDP Number of Population -Inflation	Panel Data Analysis	The variable GDP does not affect the PAD in NTB Province, while the Number of Population and Inflation have a significant effect

Analysis Framework

Based on the previous description, Original Local Government(PAD) has an important role in achieving fiscal capacity and regional independence. In accordance with the background and objectives of the study, schematically the analytical framework of this research is as follows.

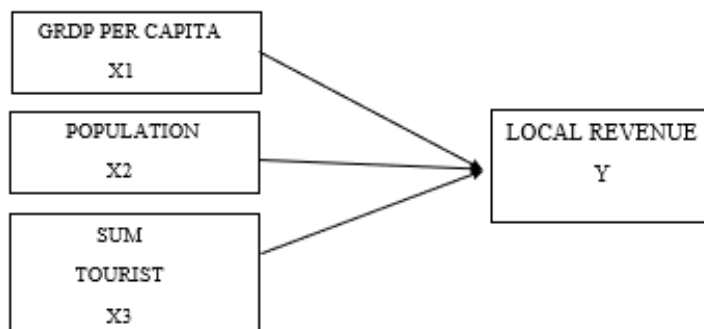


Figure 2.1 Analysis Framework

Figure.1 Analysis Framework

METHODOLOGY

Research Type and Design

Based on the problem formulation and research objectives that have been mentioned, this type of research is quantitative research that is numerical or numerical. The data taken will help in presenting the results of the study later. And also use descriptive methods that describe the phenomenon of several variables used in research.

Data Collection Types, Sources, and Methods

Secondary data are the sort of data used in this investigation. Reference books, journals, earlier studies, the internet, and other sources pertaining to research issues are the sources from which this secondary data is gathered. The Central Statistics Agency (BPS) of the Province of Sumatra served as the study's data source. To complete the data and references needed in the preparation of this thesis, the following methods are taken: Library Research (Literature Research) is research conducted by means of literature studies from various documents, bulletins, articles, scientific papers (thesis) and BPS (central statistics agency) of Sumatra Province related to this writing to obtain secondary data.

Data Analysis Methods

Panel Data Regression Method This research method uses a quantitative approach, which aims to make the research carried out more objective based on the data produced, which then the results of the data are associated with existing theories and free from the influence of the author's subjective opinion. In analyzing the data, this study used the help of the eviews 9 program, with the dependent variable PAD (Y), while the independent variables are GDP (X1), Number of Population (X2), and Number of Tourists (X3). To determine the effect of the dependent variable on the independent variable, it can be formulated through the following model:

$PAD = f(X1, X2, X3, X4)$ The equation used is as follows:

$$Y_{it} = \beta_0 + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 X3_{it} + e_{it}$$

Information:

Y_{it} = Original Local Government

$X1_{it}$ = GDP per Capita

$X2_{it}$ = Total Population

$X3_{it}$ = Number of Travellers

$\beta_0, \beta_1, \beta_2, \beta_3$ = regression coefficient

EIT = Standard Error

RESULTS

Model Selection Analysis

Table 3. Test Chow Provide Clear and Concise Versions of Your Methods of Conducting Research, Population and Samples, and Data Analysis Tools.

Effects Test	Statistics	d.f.	Prob.
Cross-section F	49.914472	(9,87)	0.0000
Cross-section Chi-square	181.865552	9	0.0000

Source : Processed data Eviews 9

Based on the results of the chow test on table 3, the probability of cross cell F statistics is obtained at 0.0000 which is smaller than the level of significane used, which is $\alpha = 0.05$. Until H0 is rejected and Ha is accepted, the best model to use is the fixed effect model.

Table.4 Hausman Test

Table 2. Hausman Test

Test Summary	Chi-sq. Statistics	Chi-sq. d.f.	Prob.
Cross-section random	12.515418	3	0.0058

Source : Processed data Eviews9

Based on the results of the haulsman test on table 4, the probability of statistical cross cell F is 0.0058 which is smaller than the level of significane used, which is $\alpha = 0.05$. So that H0 is rejected and Ha is accepted, the best model to use in this study is the fixed effect model.

Hypothesis Test Analysis

Table 4. Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.71E+09	1.99E+09	-3.369628	0.0011
GRDP	87.10816	37.94640	2.295558	0.0241
POPULATION	1087.445	422.0374	2.576656	0.0117
NUMBER OF TOURISTS	0.213122	14.55484	0.014643	0.9884
Fixed Effects (Cross)				
ACEH-C	1.16E+09			
SUMUT-C	-6.45E+09			
SUMBAR-C	4.74E+08			
RIAU-C	-3.25E+09			
JAMBI-C	9.54E+08			
SUMSEL-C	-2.07E+09			
BENGKULU-C	9.89E+09			
FLOAT-C	-2.11E+09			
KBABEL-C	2.81E+09			
KRIAU-C	-1.41E+09			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.863343	Mean dependent var		2.97E+09
Adjusted R-squared	0.844494	S.D. dependent var		2.12E+09
S.E. of regression	8.34E+08	Akaike info criterion		44.04273
Sum squared resid	6.06E+19	Schwarz criterion		44.38141
Log likelihood	-2189.137	Hannan-Quinn criter.		44.17980
F-statistic	45.80265	Durbin-Watson stat		2.446339
Prob(F-statistic)	0.000000			

Source : Processed data Eviews 9

The results of regression estimation using panel data found that the variable coefficients of GRDP and Number of Population had a positive influence on PAD on Sumatra Island of 87.10816 and 1087.445, meaning that when GRDP increases by one thousand, PAD will increase by 87.10816 thousand rupiah. Based on Table 4, the results of the t test, F test and the coefficient of determination can be known from the results of this research data processing. The details of each statistical test result are as follows.

T-Test

The t test or partial test is used to see the significance of the influence between GRDP, Number of Population, Number of Tourists partially on PAD on the island of Sumatra. Based on the regression results in Table 3 it can be seen that:

1. The constant value is $-6.71E+09$ and the probability value is 0.0011 and is less than α (0.05), this result shows that if all independent variables are zero, then the GDP per capita is $-6.71E+09$ rupiah.
2. The t-statistic value of the GRDP variable is 2.295558 and the probability is 0.0241. The value of t-statistics is positive and the probability value of this t-statistic is smaller than α (0.05) so it can be concluded that partially GRDP has a positive and significant effect on PAD on the island of Sumatra. Meanwhile, when viewed based on the value of the coefficient with a value of 87.10816 shows that if the GRDP increases by one person, the PAD on the island of Sumatra. increased by 87.10816 in other words, if the GRDP increases by one thousand people, then the PAD on the island of Sumatra. 87.10816 rupiah.
3. The t-statistic value of the Total Population variable is 2.576656 and the probability is 0.0117. The value of t-statistics is positive and the probability value of these t-statistics is smaller than α (0.05) so it can be concluded that partially the population has a positive and significant effect on PAD on the island of Sumatra.
4. The t-statistical value of variabe Number of Tourists is 0.014643 and probability is 0.9884. The value of t-statistics is positive and the probability value of this t-statistic is smaller than α (0.05) so it can be concluded that partially the number of tourists is not significant to PAD on the island of Sumatra.

F-Test

The F-Test is used to determine whether the variables of GRDP, Population, and Number of Tourists on PAD on the island of Sumatra have an effect on each other simultaneously. The probability is 0.0117 and the F-statistic value is 1087.445 when using the fixed effect model. Since the F-statistic value is positive and its probability value is less than α (0.05), it can be said that in the island of Sumatra, the GRDP, population, and number of tourists are all simultaneously against PAD.

Test Coefficient of Determination (R²)

The ability of the independent variable to explain the dependent variable is indicated by the R square value. Table 3 indicates that the Adjusted R-squared value has a magnitude of 0.844494. This indicates that the GRDP variable, Number of Population, accounts for 84.44 percent of the variation in the PAD variable for the island of Sumatra.

DISCUSSION

The Effect of GDP per Capita on PAD

Based on the regression results, it shows that the GRDP in Sumatra Island has a t-statistic of 2.295558 with a probability value of 0.0241 and a regression coefficient value of 87.10816. This illustrates that GDP has a positive and significant influence on PAD on the island of Sumatra because the probability value is smaller than 0.05. This shows that increasing GDP will increase PAD.

This result is in accordance with research from Adi (2006) concluded that every increase in GRDP will have a positive and significant impact on PAD in local governments.

The Effect of Population on PAD

The population of Sumatra has a t-statistic of 2.576656, a probability value of 0.0117, and a regression coefficient value of 1087.445, according to the regression results. Because the probability value is less than 0.05, this shows that GDP has a positive and significant impact on PAD on the island of Sumatra. This demonstrates that a growing population will result in a higher PAD. These results are in accordance with research from (Rokhmanasari 2018). That is, the more the population increases, the higher the level of PAD realization received which will have a positive and significant impact between the population on PAD.

The Effect of the Number of Tourists on PAD

The number of tourists on the island of Sumatra has a t-statistic of 0.014643 with a probability value of 0.9884, according to the regression results. and the value of 0.213122 for the regression coefficient. Because the likelihood value is less than 0.05, this shows that the amount of tourists has a negligible and negative impact on PAD on the island of Sumatra. This result is in accordance with research conducted by Purwanti and Dewi (2014) that the number of tourists has no effect on PAD. This is because, the amount of consumption expenditure from tourists in the Tourism Sector only contributes slightly to the PAD component, therefore changes in the number of tourists entering the area do not affect the PAD too much.

CONCLUSIONS AND RECOMMENDATIONS

based on the findings of the FEM analysis. Thus, it can be said that while the independent variable has a positive and large impact on PAD on the island of Sumatra, the free variable GDP per capita, or the number of people, does not. On the island of Sumatra, the variable GDP per capita has a positive and substantial effect on GDP per capita with a coefficient value of 87.10816; the number of tourists has no negative or negligible effect on PAD. and 0.0241's significance value is less than 0.05. With a coefficient value of 1087,445 the population on the island of Sumatra has a positive and significant effect on PAD. and 0.0117's significance value is less than 0.05. On the island of Sumatra, the quantity of tourists has a negative and negligible impact on PAD, with a coefficient value of 0.213122 and a signification value of 0.9884. higher than 0.05. Therefore, it is possible to draw considerable conclusions about how the population of Sumatra Island influences PAD from the three variables that do not include GDP per capita, and less conclusions about how the number of tourists affects PAD on the island.

The sample in this study only examined on the island of Sumatra so that the results of the study could not be generalized to other types of islands, In this study only limited to using 3 independent variables such as GDP per capita, population and population, In this study only used a period of 10 years because of difficulties in obtaining data. Provide some conclusions and implementation of the research results.

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