Evaluation Of Regional Economic Performance, Local Government Financial Performance, And Public Service Performance In The New Autonomous Region

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Abstract

After the enactment of Government Regulation No. 78 of 2007, regional autonomy has raised pro and contra attitudes among politicians, leaders, the public, government officials and among experts who debate the benefits or disadvantages arising from the many areas that are divided. The purpose of this study was to analyze the impact of regional autonomy using the approach of regional economic performance, local government financial performance, and public service performance in Pesawaran Regency, West Bandung Regency, Kubu Raya Regency, North Konawe Regency, Mamberamo Raya Regency, and East Manggarai Regency with main area. This research method uses descriptive quantitative with the treatment–control method to evaluate the performance and conditions of the new autonomous regions. The research data was processed using indexation and ratio methods. The results of the study concluded that the performance of the new autonomous regions is still not as high as the parent regions. So it is necessary to evaluate the regional autonomy policy.

Keywords: Regional Economic, Local Government Financial, Public Service, Regional Autonomy.

1. INTRODUCTION

Law (UU) Number 22 of 1999 concerning Regional Government which has been amended several times, most recently by Law number 9 of 2015 is the main juridical basis

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for the development of regional autonomy in Indonesia (Law No. 22 of 1999 concerning Regional Government which has several Last Amended By Law No. 9 of 2015 Concerning Regional Government, 2015). The law explains that the development of autonomy in districts and cities is carried out by taking into account the principles of democracy, community participation, equity and justice and taking into account regional potential and diversity (Mardiasmo, 2018).

Regional autonomy is directed at spurring equitable distribution of development and its results, increasing welfare, promoting community initiatives and participation, and increasing the utilization of regional potentials in a real, optimal, integrated, dynamic and responsible manner so as to strengthen national unity and integrity (Bastian, 2001).

After the enactment of Law no. 22 of 1999 concerning regional government, the expansion of administrative areas has become a new trend in the structure of government in Indonesia. The number of autonomous regions in Indonesia up to 2014 was 542 autonomous regions consisting of 34 provinces, 415 districts and 93 cities.
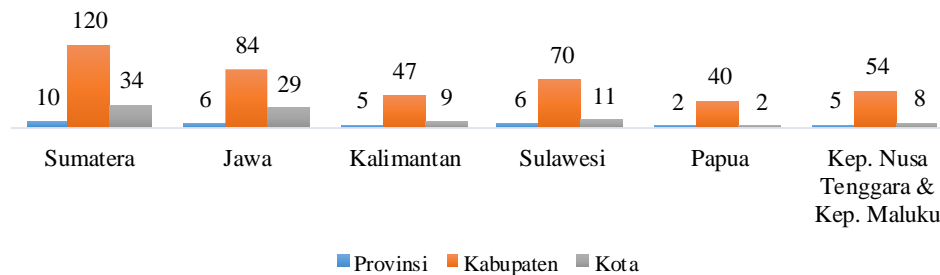

Figure 1 Graph of Autonomous Regions in Indonesia Until 2014 (Ministry of Home Affairs, 2022)

From 1999 to 2014, the addition of New Autonomous Regions (DOB) at the district level was 113 new autonomous regions or with a growth rate of 37.74%. Table 1 is a table of the development of new autonomous regions for each island in Indonesia from 1999 to 2014. Much of the development of new autonomous regions at the district level occurred outside Java. New autonomous regions on the island of Sumatra from 1999 to 2014 experienced an increase of 41 new autonomous regions. New autonomous regions on the islands of Nusa Tenggara and Maluku from 1999 to 2014 experienced an increase of 20 new autonomous regions.

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Table 1. Number of new autonomous regions per island in Indonesia, 1999 – 2014

	Number of Districts			
	1999	2007	2010	2014
Sumatra	79	101	117	120
Java and Bali	91	91	92	93
Nusa Tenggara and Maluku	26	35	44	46
Borneo	39	43	46	47
Sulawesi	41	52	62	70
Papuan	26	27	38	40
INDONESIA	302	349	399	416

Source: BPS, Statistics Indonesia, several years.

New Autonomous Region Addition (new autonomous regions) on the island of Kalimantan from 1999 to 2014 experienced an increase of 8 new autonomous regions. New autonomous regions on the island of Sulawesi from 1999 to 2014 experienced an increase of 29 new autonomous regions. New autonomous regions on the island of Papua from 1999 to 2014 experienced an increase of 14 new autonomous regions. This is in line with research Fitria (2005), that most of the increase in regional autonomy occurred outside Java. This represents a fundamental shift in Indonesia's subnational administrative, political and fiscal landscape.

According to Khalid (2012) in terms of regional expansion and merging, regional expansion must prioritize and promote people's welfare. The reasons for regional expansion include bringing services closer to the community, this is used as the main reason due to geographical constraints, infrastructure and minimal means of transportation. The second reason is historical and cultural reasons. The expansion of an area is carried out due to historical factors and assumes that there are cultural differences between the area concerned and the parent area. The third reason is economic and budget reasons. Regional expansion is expected to accelerate development in the region and to maximize the potential of regional revenues which can become the main source of regional income.

Kamaroellah's research (2017) and Hanif et al (2020) found that the success of regional autonomy depends on the quality of local government and regional financial performance. While this study looks at the success of regional autonomy as measured

through regional economic performance, local government financial performance, and public service performance.

In particular, this study examines the phenomena that occur in the district. There are several reasons why districts receive attention in this study. First, jurisdictions in this sphere are the fulcrum of decentralization and regional autonomy in Indonesia. It is in this district scope that full autonomy status is granted. Second, the phenomenon of the formation of new autonomous regions is also the most common in the provincial scope. Third, changes in the geography of district administration have changed the overall fiscal architecture. The aim of this study was to determine regional economic performance, local government financial performance, and public service performance in the new autonomous regions.

2.   RESEARCH METHOD

2.1   Data Sources and Data Collection Techniques

This study used a saturation sampling technique, with a population of 6 New Autonomous Regions at the district level, including Pesawaran Regency, West Bandung Regency, Kubu Raya Regency, North Konawe Regency, Mamberamo Raya Regency, and East Manggarai Regency. This district was chosen because it carried out division after the enactment of Government Regulation no. 78 of 2007. Observation time from 2016 to 2020.

Source of data used is secondary data. Secondary data was obtained through the publication of the Directorate General of Fiscal Balance (DJPK) of the Ministry of Finance, the Monitoring Committee for the Implementation of Regional Autonomy (KPPOD), the Indonesian Central Statistics Agency (BPS), and other institutions. Bearing in mind that due to time, cost and human resource limitations, one of the main points in this evaluation study is the determination of the sample of the new autonomous regions.

This study uses a quantitative descriptive method of treatment–control to evaluate the performance and conditions of the new autonomous regions. The determination of the area is carried out in stages and purposively in accordance with the scope of the study and the assumptions used. The scope of study used includes the pattern of forming new autonomous regions from regencies to regencies, not areas that are currently or have recently been involved in internal conflicts, and not areas that are experiencing or have recently experienced natural disasters.

The analytical method used in this study is the indexation method. The indexation method was used to compare the performance of the new autonomous regions with the

parent regions during the study period. In compiling index values, all variables must comply with the principle of consistency. This means that each variable has the same direction in determining the results. In addition, each variable must be standardized to eliminate the unit impact of each variable:

2.2 Regional Economic Performance

Economic performance is used to measure whether after the expansion there is economic development. Indicators used as a measure of regional economic performance include the growth of Gross Regional National Income (GDP), the ratio of Regency GRDP to Provincial GRDP, and the poverty rate.

GRDP growth will measure the movement of the regional economy which is able to create jobs and social welfare. This economic growth is calculated using constant 2010 GRDP. The ratio of district GRDP to province's GRDP looks at how large the level of economic development is in a regency area compared to a province area. Meanwhile, the poverty rate is measured using the percentage of the number of poor people to the total population. Economic development should reduce the level of poverty. In general, regional economic development is measured by the Regional Economic Performance Index (IKED), which in principle is the average of the three indicators (UNDP, 2008). For district i in year t, this index is formally formulated as follows:

$$IKED\ i,t = \frac{(PDRB_{i,t} + RPDRB_{i,t} + POV_{i,t})}{3}$$

Information:
IKED: Regional Economic Performance Index
GRDP: Gross Regional Domestic Product
RPDRB: Ratio of Regency GRDP to Provincial GRDP
POV: Poverty Rate
i : District i
t : Year

2.3 Regional Government Financial Performance

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Regional government finances not only reflect the direction and achievements of fiscal policy in promoting regional development in general, but also describe the extent to which the duties and responsibilities assigned to regional governments (districts) in the context of fiscal decentralization are carried out.

This fiscal dependence indicator is formulated as the percentage of the General Allocation Fund (DAU) in total regional revenue. The capital expenditure proportion indicator shows the direction of managing government spending towards long-term benefits, thus providing a larger multiplier for the economy. This indicator is formulated as the percentage of Capital Expenditure in Total Expenditures in the regional budget. The government sector contribution indicator shows the government's contribution in driving the economy. The value is expressed as a percentage of Total Government Expenditures in the district's GRDP. Comprehensively, government financial performance is measured by the Local Government Financial Performance Index (IKKPD), which in principle is the average of the three indicators (UNDP, 2008). For district i in year t,

$$IKKPD \; i,t = \frac{(KF_{i,t} + PBM_{i,t} + KSP_{i,t})}{3}$$

Information:

IKKPD: Regional Government Financial Performance Index

KF: Fiscal Dependence

PBM: Proportion of Capital Expenditures

KSP: Government Sector Contribution

i : District i

t : Year

2.4   *Public Service Performance*

Evaluation of the performance of public services will be focused on services in the health and infrastructure sectors. This is also supported by research in various countries, such as that conducted by Aberge et al. in (Atkinson, 2015) on European countries, which found that a quality health sector as a type of public service has an important role in reducing the level of inequality.

The public service performance indicators formulated in this study will focus more attention on the input side of the public service itself. The indicators to be used include the availability of health workers, the availability of health facilities, and the quality of

infrastructure. Availability of health workers is expressed as a ratio of ten thousand population (this number is used to approximate it to the sub-district scale). The health personnel in question are doctors, paramedics, and paramedical assistants. Availability of health facilities is expressed as a ratio of ten thousand population (this number is used to approximate the sub-district scale). The health facilities referred to are hospitals, health centers, auxiliary health centers, and medical clinics. The quality of infrastructure is expressed as the percentage of the length of roads in good condition to the total length of roads in the district concerned. Comprehensively, the performance of this public service is measured by the Public Service Index (IPP), which in principle is the average of the three indicators (UNDP, 2008). For district i in year t, this index is formally formulated as follows:

$$IPP\,i,t = \frac{(TK_{i,t} + FK_{i,t} + KI_{i,t})}{3}$$

Information:

IPP: Public Service Index

Kindergarten: Health Workers

FK: Health Facilities

KI: Infrastructure Quality

i : District i

t : Year

2.5 Research Framework

Regional expansion as stated in Law number 9 of 2015 is to improve people's welfare. Mardiasmo (2018) states that community welfare can be achieved through improving public services, the quality of democracy, economic development and regional potential, security and order, and harmonious relations between the regions and the center. So the research framework is formulated as follows:
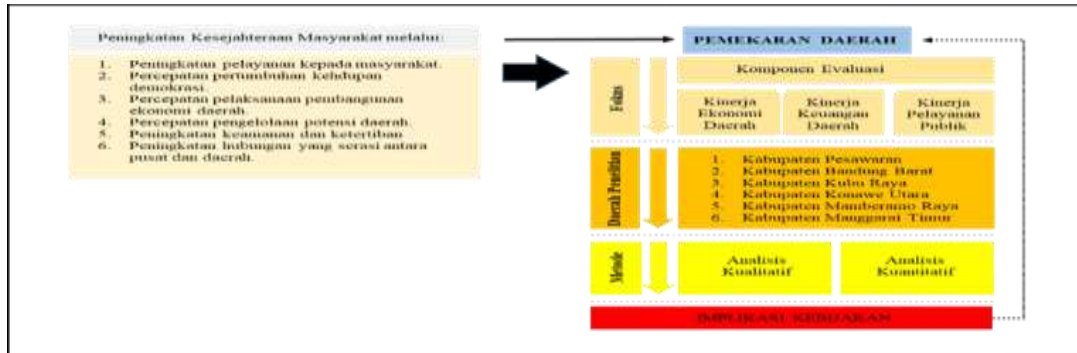
Figure 2 Research Model

3.   RESULTS

The results of the index calculation describe economic performance, financial performance, and public service performance by comparing the new autonomous regions with the parent regions. The list of main regions with new autonomous regions is as follows:

Table 2. List of Main Regions and New Autonomous Regions

No	Parent Area	New Autonomous Region
1	South Lampung	offer
2	Bandung	West Bandung
3	Mempawah	Kingdom Fortress
4	Konawe	North Conawe
5	Sarmi	Mamberamo Raya
6	Manggarai	East Manggarai

Source:(Ministry of Home Affairs, 2022)

3.1   *Regional Economic Performance*

Regional economic performance analyzed using GRDP growth, during the year of observation has decreased. The average economic growth for the new autonomous regions is below that of the main regions, which is 2.2%, while the average economic growth for the main regions is 6.62%.
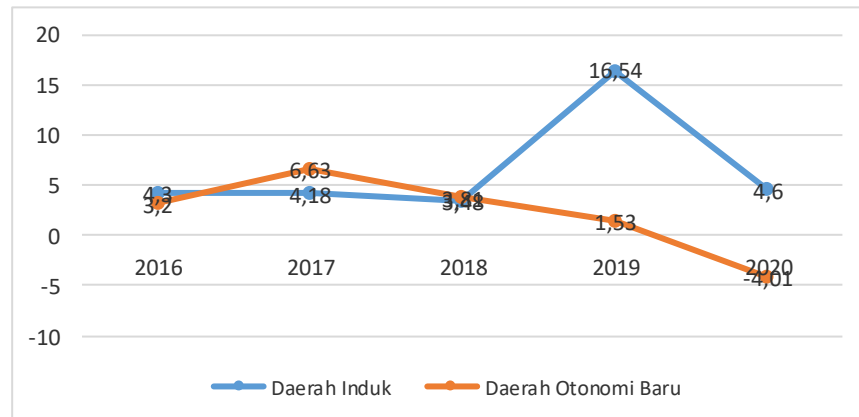
Figure 3 Graph of Economic Growth 2016 – 2020

The level of economic development analyzed by the GRDP ratio (Figure 4) shows a constant trend. During the year of observation, the GRDP ratio of the new autonomous region was able to keep pace with its parent region. In line with the trend of economic development, the poverty rate (Figure 5) of the new autonomous regions has also kept pace with the main regions.
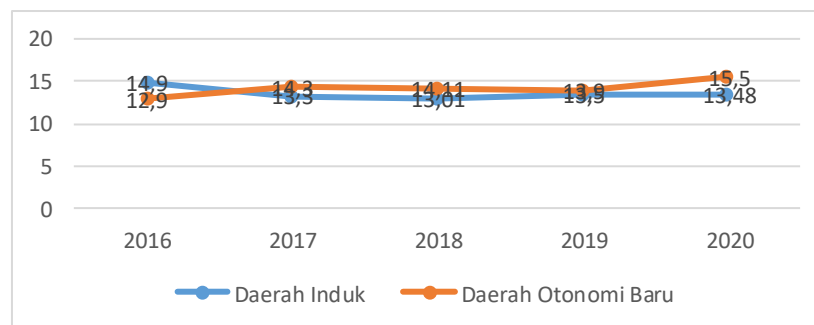

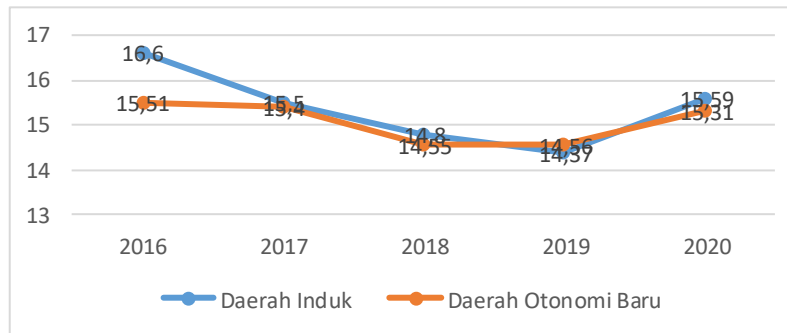Figure 4 Graph of GRDP Ratio 2016 – 2020

Figure 5 Graph of Poverty Rate 2016 – 2020

The various indicators described above are then used to calculate the economic performance index. These findings indicate that the economic performance of the parent regions is always better than that of the new autonomous regions. Referring to the results of the study, during the year of observation the economic performance of the new autonomous regions tended to be stagnant and not developing.

Figure 6 Graph of Economic Performance Index 2016 – 2020

3.2   *Regional Government Financial Performance*

Fiscal dependency (Figure 7) is used to measure the extent to which local governments can meet their fiscal needs to finance development. During the year of observation, new autonomous regions were shown to have higher fiscal dependencies compared to parent regions, although they showed a decreasing trend each year.

Figure 7 Graph of Fiscal Dependencies 2016 – 2020

The proportion of new autonomous regions' capital spending (Figure 8) has increased, although the trend is below that of the main regions. This condition indicates the direction of managing government expenditure towards long-term benefits, thus providing a multiplier or greater multiplier impact on the economy.
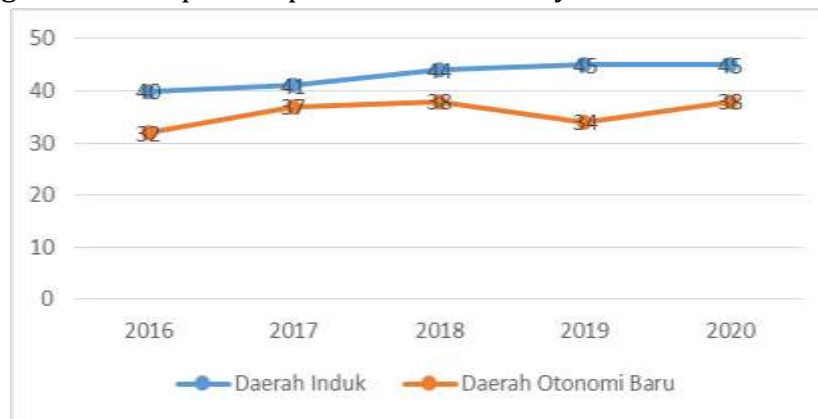

Figure 8 Graph of Proportion of Capital Expenditures for 2016 - 2020

Figure 9 Graph of Government Sector Contribution 2016 – 2020

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During the study period, the contribution of the new autonomous region government sector had a smaller percentage of total government expenditure to GRDP compared to the main regions. The difference is relatively wide enough, this illustrates that the regional financial contribution to the economy is relatively smaller compared to the main region.
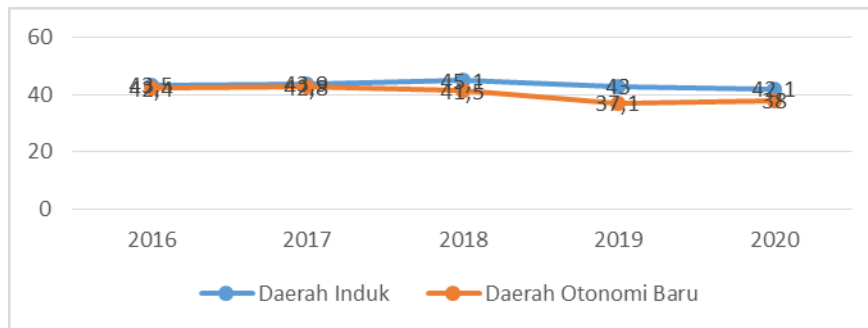

Figure 10 Graph of Local Government Financial Performance Index 2016 – 2020

The various indicators described above are then used to calculate the local government financial performance index. Referring to the results of the study, during the year of observation the financial performance of the new autonomous regional government was parallel and not far from the main region.

3.3   Public Service Performance

Public service performance is focused on health services and regional infrastructure. During the year of observation, in terms of the ratio of health workers (Figure 11) it was found that the number of health workers in the newly created areas was below the parent area. This condition reflects the shortage of health workers including doctors, paramedics and non-paramedical personnel for every 10,000 residents.

Figure 11 Graph of Health Workforce Ratio 2016 - 2020

Figure 12 Graph of Health Facilities Ratio 2016 – 2020

In addition to the low number of health workers, new autonomous regions have fewer health facilities than the main regions. During the year of observation there was no significant change in the ratio of new autonomous regions to parent regions. This stagnant number of facilities needs to be a concern that health facilities must also be built and improved.
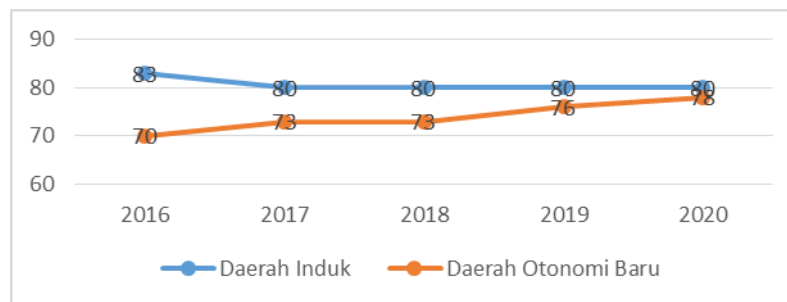

Figure 13 Graph of Infrastructure Quality 2016 – 2020

The indicator used to represent the quality of infrastructure (Figure 13) is the percentage of roads in good condition to the total length of roads. Referring to the research results, during the year of observation there was an increase in the quality of infrastructure, especially in the field of roads in the new autonomous regions. Expansion brings repairs and construction of new roads in the area of expansion.

Figure 14 Graph of Public Service Performance Index 2016 – 2020

Figure 14 shows that the development of the DOB public service performance index during 2016 – 2020 is below that of the main regions. This illustrates the lack of optimal public services in new autonomous regions. The lack of optimal public services in new autonomous regions is mainly related to the availability of health workers, the availability of health facilities, and the quality of infrastructure.

4. DİSCUSSİON

4.1 *Regional Economic Performance* (Figure 3, 4, 5, and 6)

Improving economic conditions is one of the objectives of implementing regional autonomy. Regional autonomy is also used to encourage people's welfare through accelerating development in the economic field. indicators for calculating regional economic performance index include GRDP, GRDP Ratio, and Poverty Level.

GRDP growth describes the economic growth of a region. The higher the economic growth of a region, the more developed the area. This is indicated by the growing contribution of business sectors. Based on the research results, the average economic growth of the new autonomous regions during the year of observation was 2.23%, the economic growth in the parent regions was 6.62%.

The average economic growth of the new autonomous regions is below that of the parent region. It is an indication that the potential sectors of the new autonomous region have not provided maximum contribution to the economy. When compared to the main regions, the movement of economic growth in the new autonomous regions tends to decline. This finding is in line with research conducted byFurry P, Ratri and Sasana (2013)that in general the new autonomous regions have not been able to explore the regional economic potential.

Economic growth shows the movement of various development sectors and is a source of job creation. An increase in added value in the economy implies an increase in economic activity, both internal in the area concerned, and in relation to interactions between regions.

The role of a region's economy in the regional economy is a reflection of the region's economic performance in contributing to the surrounding area. Referring to the existing statistical data, the GRDP ratio of the new autonomous regions is able to keep up with their parent regions. This fact indicates that the driving sector of the new autonomous region's economy has developed.

One way to assess the success of economic performance is to look at the poverty level of the area. According to BPS, poverty is seen as an economic inability to meet basic needs. The better the regional economy, the lower the poverty rate in that area.

The findings in this study indicate that the poverty rate of the new autonomous regions has the same trend as the parent regions. When viewed from an economic perspective, the high poverty rate illustrates that the new autonomous regions have not been able to increase people's real wages which has an impact on people's low purchasing power. The high poverty rate in the new autonomous regions is caused by several things. First, poverty-stricken areas are generally underdeveloped areas with limited natural resources so that the possibilities for maximizing resource potential are also very limited. Second, supporting infrastructure, such as roads, schools and economic infrastructure, is still very limited and new autonomous regions are generally located far from the district capital. In fact, many new autonomous regions are located quite remotely, both in mountainous and coastal areas. This resulted in limited access for poor groups to improve their lives, including the economic capital they owned, both agricultural land and finances. Third, from a social perspective, the poor generally have a relatively low level of education considering their limited ability to gain access to education. As a result, in a short period of time it is very difficult to reduce the level of poverty

The various indicators described above are then used to calculate the economic performance index. These findings indicate that the economic performance of the parent regions is always better than that of the new autonomous regions. Referring to the results of the study, during the year of observation the economic performance of the new autonomous regions tended to be stagnant and not developing.

According toSadono (1985)states that an economy is said to experience growth if the level of the economy is higher than previously achieved. The results of the study describe positive economic growth, in other words, economic growth shows that the amount of goods and services produced by the region has increased in subsequent years, even though in 2020 there was a decline in economic performance as a result of the Covid - 19 Pandemic.

Graph 5 shows the average value of the Economic Performance index from 2016 to 2020 in new autonomous regions and parent regions. This shows that regional expansion has not fully produced new autonomous regions that have performance on par with parent regions. Judging from the economic performance, expansion still produces regions that have to work hard to improve the welfare of their people.

This study reveals that regional autonomy raises economic disparities. The development of data shows that there is an unequal distribution of economic potential. New autonomous regions have lower economic potential than parent regions. Even though Government Regulation No. 129 of 2000 requires economic capacity that is not much different between the parent region and the candidate for a new autonomous region.

4.2 *Regional Government Financial Performance* (Figure 7, 8, 9 and 10)

Regional government financial performance evaluates the area of regional finance which includes fiscal dependencies, management of government spending, as well as the contribution of the government sector to the economy. Financial performance analysis is basically carried out to assess past performance by conducting various analyzes in order to obtain a financial position that represents the reality of the entity and the potential for continued performance.

Fiscal dependency or fiscal dependence is used to measure the extent to which local governments can meet their fiscal needs to finance development, either through the allocation of balancing funds from the center or local revenue (PAD).

The high rate of fiscal dependence indicates that local governments are still highly dependent on the central government. The lower the fiscal dependence, indicating the independence of the local government. Regional autonomy is expected to bring independence in each new autonomous region.

During the year of observation, new autonomous regions were shown to have higher fiscal dependencies compared to parent regions, although they showed a decreasing trend

each year. This once again demonstrates the fact that new autonomous regions are not regions that quickly take over local government functions.

Fiscal dependencies reflect the role of local governments in efforts to optimize local revenue (PAD) sources. Optimizing PAD must refer to increasing the government's role in supporting and creating economic activity so as to encourage greater growth in existing economic sectors.

Capital expenditure is a planned expenditure allocation to encourage economic growth both in the short and long term. The higher the capital expenditure allocation, the higher the government spending for development.

During the year of observation, the proportion of capital expenditure for new autonomous regions always increased, even though the trend was below that of the parent regions. The capital expenditure proportion indicator shows the direction of managing government spending towards long-term benefits, thus providing a larger multiplier for the economy.

New autonomous regions' capex has a different focus compared to parent regions. In the new autonomous regions, capital expenditure is focused on financing the development of various government infrastructures that do not yet have such as office buildings, transportation equipment, as well as regional government office and household equipment. Meanwhile, parent regions that already have government infrastructure ready before division can focus on public investment.

On the capital expenditure side, investment made by the government through capital expenditure contributes to the regional economy, at least in two stages. In the short term through material spending and employment and in the long term through the multiplier in the private sector which also plays a role in the economy. The long-term impact of capital expenditure requires an analysis time that is longer than five years. This means that the current impact of government capital expenditure can only be measured through the short-term impact as mentioned above.

The role of the government's budget in the regional economy is not only seen through capital expenditures which are long-term investments, but also through routine expenditures or regular expenditures which are more consumptive in nature. This consumptive channel is salary spending (personnel spending) and capital spending used for infrastructure development and public services.

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During the study period, new autonomous regions had a smaller percentage of total government spending to GRDP than the parent regions. The difference is relatively wide enough, this illustrates that the regional financial contribution to the economy is relatively smaller compared to the main region.

After the division was carried out, the new autonomous regions were more focused on meeting the needs for the composition of the apparatus and the development of government infrastructure. The small contribution of the government's finances to the economy will have an impact on slowing the development of the new autonomous region's economy. In addition, the types of activities financed by the new autonomous regions government budget are not optimal in encouraging the growth of economic centers

The three regional government financial performance indicators are synthesized into one local government financial performance index. Referring to the results of the study, during the year of observation the financial performance of the new autonomous regional government was parallel and not far from the main region.

This actually contains two crucial meanings, if the balanced index value is due to the good financial performance of the new autonomous regions, then it can be said that regional expansion has succeeded in making the new autonomous regions equal to their parent regions in terms of local government financial performance.

However, if the balanced index values are caused by the performance of the parent regions which are also not better than the new autonomous regions, then it can be said that the two regions have not achieved optimal performance in terms of regional finance. Overall, the financial performance of newly created regions appears to be lower than that of parent regions, caused by a number of problems in regional finances, including greater fiscal dependence, low revenue optimization and economic contribution, and a low share of capital expenditure allocation from regional governments. This is an indication of the ineffectiveness of the financial policies of the newly created regional governments, especially new autonomous regions, in driving economic activity in the regions, both consumptive and investment.

4.3 *Public Service Performance* (Figure 11, 12, 13 and 14)

Evaluation of the performance of public services will be focused on services in the health and infrastructure sector. This is also supported by research in various countries, such as that conducted by Aberge et al. in(Atkinson, 2015)towards European countries, which

found that a quality health sector as a type of public service has an important role in reducing the level of inequality.

This study uses the ratio of health facilities per 10,000 population and health workers per 10,000 population. This ratio was chosen to bring it closer to the district scale. Meanwhile, the quality of infrastructure uses the long road approach in good condition of the total length of district roads.

During the year of observation, it was found that the number of health workers in the newly created areas was below the main area. This condition reflects the low number of health workers including doctors, paramedics and non-paramedical personnel for every 10,000 residents. Difficulties in the newly created regions to provide health workers are due to limited human resources.

During the observation period, it was seen that there was an increase in health workers in the newly created regions. This should become a new trend for the development of health workers in the newly created regions which will continue in the future. The availability of health workers is closely related to national health policy. This means that the central government plays an important role in increasing health workers in general.

In terms of health facilities, during the year of observation there was no significant change in the ratio of new autonomous regions to parent regions. However, research data shows that the ratio of health facilities in newly created areas is below that of the main area. This stagnant number of facilities needs to be a concern that health facilities must also be built and improved, so that development targets in the health sector are achieved.

Decentralization of the health sector is very important to achieve development goals and encourage the achievement of the Millennium Development Goals. Local governments play a role in determining and directing an increase in the number and distribution of the availability of health workers in their regions, especially in disadvantaged areas.

In addition to the availability of health workers and health facilities, the availability of infrastructure services also plays an important role in regional development. Infrastructure is not only needed to support the wheel of economic activity but also to support administrative government activities, public service activities, as well as being an instrument to increase the flow of information and other activities.

The indicator used to represent the quality of infrastructure is the percentage of roads in good condition, to the total length of roads. Roads are indeed one of the fundamental

components of infrastructure. Existing data shows that the quality of infrastructure in parent regions is still better than in newly created areas.

Referring to the research results, during the year of observation there was an increase in the quality of infrastructure in the new autonomous regions. Expansion brings repairs and construction of new roads in the area of expansion. Nevertheless, the results of an evaluation of the ratio of roads in good condition to existing roads indicate the need for attention to improving the quality of the roads being built.

The quality of public services is one thing that is closely related to regional expansion. Regional expansion is expected to improve people's welfare, among others, through increasing and equalizing public services, including the health and infrastructure sectors. The construction of public facilities should be accompanied by an increase in the quality and effectiveness of the service itself, so that it can optimally promote the improvement of the welfare of the people in the regions.

From Figure 12 it appears that the development of the DOB public service performance index during 2016 – 2020 is below the parent region. This illustrates the lack of optimal public services in new autonomous regions. The lack of optimal public services in new autonomous regions is mainly related to the availability of health workers, the availability of health facilities, and the quality of infrastructure.

The not yet optimal public services in the newly created areas are caused by a number of problems, including the unavailability of public service personnel. Limitations in economic development in new autonomous regions are an obstacle in attracting health workers to further optimize performance in their regions. In other words, besides the problem of limitations in terms of the number of service personnel, the performance of the existing service personnel is not optimal.

On the other hand, the utilization of public services is not yet optimal. In terms of infrastructure, especially roads, there appears to be an increase in the new autonomous regions. However, it has not been used optimally. From the existing conditions, it can be said that the improved quality of roads and public services in the health sector have not been able to become factors driving economic development in the regions. The thing that needs to be considered is the extent to which improvements in public services from the physical side can improve the quality and standard of living of the community.

5.   CONCLUSION

Based on a comparison of the Regional Economic Performance Index, it was concluded that the economic performance of the new autonomous regions is below that of the parent regions. The average economic performance of new autonomous regions is 2.96, while the parent regions are higher at 12.25.

Based on a comparison of the Regional Government Finance Index, it was concluded that the financial performance of the new autonomous regional government was below that of the parent region. The average financial performance of the new autonomous regions is 40.39, while the parent regions are higher, namely 43.58.

Based on the comparison of the Public Service Index, it can be concluded that the public service performance of the new autonomous regional government is below that of the parent region. The average performance of the new autonomous government's public services was 31.61, while the main regions were higher, namely 42.08.

The implications of this research are the still not optimal intensification and extensification efforts carried out by the Regional Government are one of the causes of the low financial performance of local governments. Several strategies that need to be carried out include improving tax management, expanding the local tax base, and modernizing regional taxation through strengthening the local tax collection mechanism starting from data collection, registration, payment, monitoring, billing, and inspection.

These efforts are expected to be able to increase PAD so that regional dependence on transfer funds from the Central Government can be reduced. Innovation carried out by the Regional Government in an effort to increase regional income will be one of the keys to success in improving people's welfare.

The low public service index can be overcome by ensuring the availability of health workers and health facilities in the regions. These steps need to be taken to improve the level of health and quality of human resources. Apart from that, improvements to infrastructure such as roads need to be carried out by the new autonomous regions to support community activities.

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