

Utilization of Regional Property A Theoretical and Practical Approach in Determining the Method of Asset Utilization

Benjamin Bukit

Widyaiswara Ahli Utama Human Resource Development Agency of
DKI Jakarta Province

Abstract:- Utilization of Regional Owned Property is the utilization is not used for carrying out the duties and functions of regional work units and/or optimizing Regional Property by not changing its ownership status. Utilization of BMD provides opportunities for regions to increase local own revenue and improve public facilities. The formulation of the problem in this study is the concept of utilizing assets in increasing local revenue, methods for utilizing assets, determining contributions, and case studies for selecting methods for utilizing assets in the development of coastal tourism areas. This study uses a theoretical approach in explaining the concepts and methods of using BMD as well as using research data in discussing case studies on the selection of BMD utilization methods. This paper aims to provide an overview in the use of regional property and its benefits in increasing PAD. The results of the discussion show that there are 5 methods of utilizing assets, leasing and using, collaborative use, building up for handover, building up for use, and infrastructure cooperation which have their own goals, advantages and characteristics. In the context of increasing regional own-source revenue, each method of utilizing assets (except borrow-and-use) has its own contribution to increase regional income or increasing regional assets. The choice of asset utilization method should be based on the regional vision and mission and the method that has the greatest impact on the regional economic growth.

Keywords:- Utilization, Regional Property, Lease, Loan Use, Collaborative Utilization, Build-Up Transfer, Build-Up Transfer, Infrastructure Cooperation

I. INTRODUCTION

At present, regional assets or known as regional property are not only seen as a means and infrastructure so that local government affairs can be realized but assets can be optimized to drive the regional economy. Through asset management, local governments are expected to be able to optimize asset management so as to be able to realize sustainable development. Awareness of the importance of asset management for local governments is increasingly increasing in line with improvements in asset management regulations at the central and regional levels, demands for financial reporting and demands for regional autonomy. Regional autonomy requires a region to be independent in carrying out funding including optimizing local sources of

income. Utilization of assets provides an opportunity for regions to increase their PAD and improve public facilities. But the fact is that many assets owned by the regional government have not been able to generate profits for the region. Through this mechanism of asset utilization, it is expected to be an opportunity for regions to optimize their assets so as to increase their PAD. Definition of Utilization according to PP27/2014. Article 1 is the utilization of state/regional property which is not used for carrying out the duties and functions of the Ministry/Institution/regional work unit and/or optimizing State/Regional Property without changing its ownership status. Utilization is the fourth stage in BMD management if it refers to Government Regulation of the Republic of Indonesia Number 27 of 2014 concerning management of state/regional property article 3 paragraph (2) after planning for needs and budgeting, procurement and use.

The formulation of the problem in this study is how the concept of using assets in as well as methods, determination of contributions, and case studies in the selection of methods of utilizing assets. This study uses a theoretical approach in explaining the concepts, methods and determination of contributions as well as using research data in discussing case studies for selecting asset utilization methods. This paper aims to provide an overview in the use of regional property and its benefits in increasing PAD.

II. LITERATURE RESEARCH

According to Siregar, "assets are things or things that have economic value, commercial value, or exchange value that is owned by a business entity, agency, or individual (178). "Regional assets in the provisions of the legislation are also known as Regional Property. Based on the Government of the Republic of Indonesia Regulation No.27 of 2014 concerning Management of State/Regional Property, Regional Property is all goods purchased or obtained at the expense of the State Budget and derived from other legal acquisition. Based on the Government Regulation of the Republic of Indonesia Number 27 of 2014 concerning Management of State/Regional Property Article 3 paragraph (2) there are 11 cycles in the management of goods including: Need planning and budgeting; Procurement; Use; Utilization; Security and maintenance; Rating; Alienation; Annihilation; Deletion; Administration; and Guidance, supervision and control. In accordance with these provisions, utilization is the fourth step in managing.

In the utilization scheme, Sava forms of utilization are known as the spectrum of public and private partnership. Infrastructure privatization models are categorized in 3 types of facilities, namely existing facilities, facilities that require investment for expansion or rehabilitation and new facilities to be built. For the types of existing facilities, the privatization model is carried out by selling, leasing, and operational and maintenance contracts/agreements. Furthermore, for facilities that require investment for expansion or rehabilitation, the privatization model is with

Lease-Build-Operate or Buy-Build-Operate and wraparound addition where private companies rent or buy facilities from the government, operate under an agreement and pay fees certain. As for the facilities to be newly built, the privatization model is by way of Build-Transfer-Operate, Build-Operate-Transfer and Build Own Operate.

When describing the spectrum of public and private partnership is as follows:



Fig 1:- The Spectrum of Public and Private Partnership

Based on the picture to the left, the role of government in the utilization of assets is greater. Meanwhile, the more right, the greater the role of business entities. The description of each privatization model is as follows:

- Government Department; the traditional method of providing infrastructure-based services directly through government department
- Public Authority; the se are being for med by commercialization (managerial and financial autonomy and separate budgets based on user charges) and corporatization (legal company status with separation of ownership and management).
- Service Contract; specific services associated with infrastructure maybe contracted out to private firms.
- Operations and Maintenance Contract Lease; a private partner operates and maintains a publicly owned facility under a management contract with the sponsoring government, which owns the facility.
- Cooperative; nonprofit, voluntary, cooperative association assumes responsibility for the service.
- Lease Build Operate; a private firm is given along-term lease to develop (with its own funds) and facility. It recovers its investment plus a reasonable return over the term of the lease and pays rental fee
- Build-Transfer-Operate; a private developer finances and builds a facility and, upon completion, transfers legal ownership to the sponsoring government agency. The agency then leases the facility back to developer under along-term lease, during which the developer operates the facility and has the opportunity tore cover his investment and earn are return from user charges and commercial activities.
- Build-Operate-Transfer; a private developer is awarded a franchise (concession) to finance, build, own, and opera tea facility is sometimes referred to as BOOT-build, own, operate, and transfer), and to collect user fees fora specific period, after which ownership of the facility. Similar to BTO but may encounter legal,

- regulatory, and liability issues arising during the long period of private ownership before the transfer.
- Wraparound edition; a private developer finances and constructs an addition to an existing public facility, and then operates the combined facility either for affixed period or until here covers costs pulsar as on able return on his invested capital.
- Buy-Build-Operate; an existing public facility sold to private partner who renovates or expands it and operates it in perpetuity under a franchise. This is equivalent to divesting a company, which then operates under a franchise.
- Build-Own-Operate; a private developer finances, builds, owns, and operates a facility in perpetuity under a franchise, subject to regulatory constrains on pricing and operations. The long-term property right provide significant financial incentive for capital investment in the facility.

III. DISCUSSION

➤ *Asset Utilization and Enhancement Local Own Revenue*

Since the enactment of the Regional Autonomy Law, the Region has the authority to regulate and manage government affairs in the system of the Unitary State of the Republic of Indonesia, known as decentralization. The meaning of decentralization as stated by Duncan (2007: 713) is the a process where central government transfers political, fiscal and administrative levels of power in administrative and territorial hierarchy. Based on this understanding, decentralization is not only meant as the transfer of authority politically and administratively but also the transfer of authority from the fiscal sector.

Basically, fiscal decentralization is a concept that is intended so that regions have the authority to explore their own original sources of income, manage their own finances and use them in accordance with what they had previously

planned (Soleh, 2010: 37) meaning that regions are given authority to manage their regions accordingly needs and potential of the region. Fiscal decentralization also provides an opportunity to improve economic welfare. Decentralized choice in the public sector (salted the private sector) provides an opportunity to create economic economies with tailoring levels of consumption consumption to the preferences of smaller, more homogeneous groups (Oates, 1988: 5). The Tiebout model explains that the choice of decentralization in the public sector is to improve the efficiency of resource allocation. As Oates also argues that fiscal decentralization is done to improve economic welfare.

Fiscal decentralization requires regions to increase creativity in collecting funding so that they can finance regional expenditures according to their needs. One manifestation of self financing is to maintain that the contribution of local revenue, both from the local tax sector, regional levies, and other legitimate local revenue, shows an increasing trend towards Regional Revenue. The efforts made by the Regional Government to increase their PAD face many challenges. This is due to the fact that the Local Revenue, especially local taxes and regional levies, tends to be biased in areas with high urbanization rates, such as Hotel Tax, Restaurant Tax, and Motorized Vehicle Tax, and so. So that for areas where the urban characteristics are not too high the potential for tax revenues is small. One of the strategies in increasing PAD that can be done by the Regional Government is through the utilization of assets. Through these 5 schemes in utilizing assets, in addition to optimizing the assets they have, they can also increase the ability of assets to generate profits through several contributions in accordance with the method of asset utilization. In addition, through the use of assets can increase the value of assets which can also be a trigger in increasing PAD, especially the local tax sector and local user fees.

Contribution is one of the benefits obtained from the use of Regional Property. There are several types of contributions, where the form depends on the form of utilization chosen. The types of contributions in the utilization scheme are as follows:

1. Amount of rental value (if utilization is in the form of rent). What is meant by "Rental rate formula" is the calculation of the value of rent by multiplying a certain index with the value of the State/Regional Property. Rent State Property/Region specified.
2. Annual contribution (if the utilization is in the form of a wake-up/handover building) the amount of which is determined based on the results of the calculation of the team formed by the authorized official.
3. Permanent contribution and profit sharing (if utilization in the form of work the contribution of profit sharing that is part of the Central/Regional Government must pay attention to the comparison of the value of State/Regional Property which is used as the object of Utilization Cooperation and other benefits received by the Central/Regional Government with the investment value partners in Utilization Cooperation The amount of the permanent contribution and profit sharing resulting from the utilization collaboration is determined based on the results of the calculation of the team formed by the Decree of the Regional Head by taking into account:
 - a. The value of land and/or buildings as objects of cooperation is determined in accordance with NJOP and/or general market price, if in one location there are NJOP values and/or different public markets, the amounts are added and divided according to the amount available
 - b. Collaborative utilization activities for the public interest and/or trading activities. Amount of investment from business partners
 - c. Amount of investment from work partners
 - d. Labor absorption and increase in PAD.

Countries/Regions whose values have been determined in the balance sheet of the Central Government/Regional Government, can be re-assessed.

➤ **Method in Utilization of Regional Owned Goods**

In the context of asset utilization in Indonesia, several concepts of Savas are adopted and set forth in Government Regulation of the Republic of Indonesia Number 27 of 2014 concerning Management of State/Regional Property Article 27, that basically there are 5 methods of utilization of BMN/D, namely :

ASSET UTILIZATION MODEL

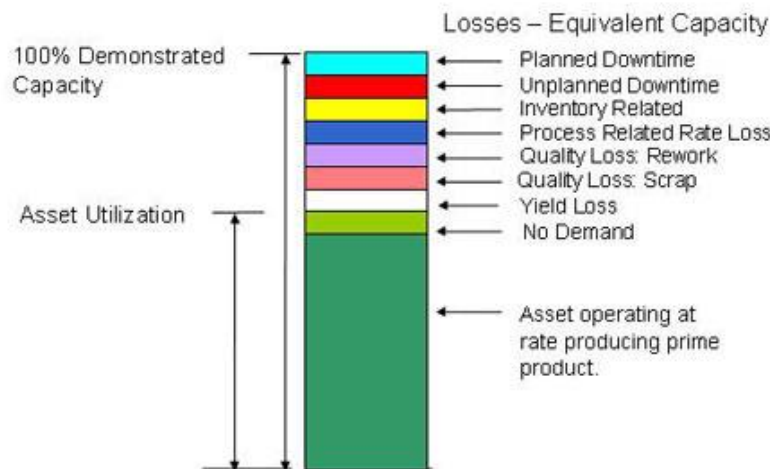


Fig 2:- Asset Utilization Method

In the picture it appears that there is a type of use and use loan, KAD Patan.

4. Distribution of excess profits (if utilization in the form of infrastructure cooperation)

Determination of contributions in the use of State Property is determined by the activity of valuing Regional Property. This is in accordance with the mandate of Government Regulation Number 27 of 2014 concerning Management of State/Regional Government Property that the valuation of State/Regional Government Property is carried out in order to obtain fair value. The evaluation of State/Regional Government Property is carried out in the context of preparing the government balance sheet, Utilization and Transfer of State/Regional Government Property. Under certain conditions, BGS/BSG Belongs, Leases, Utilization Collaboration can be carried out on non-infrastructure utilization forms, while in the form of infrastructure, the form of utilization that can be chosen is lease, utilization cooperation and infrastructure supply cooperation. The scope of infrastructure activities based on Article 33 paragraph (3) includes:

- a. Transportation infrastructure includes sea ports, rivers and/or lakes, airports, terminals and/or rail networks and/or train stations;
- b. road infrastructure including special lane roads, toll roads, and/or toll bridges;
- c. water resources infrastructure including raw water carriers and/or reservoirs/dams;
- d. drinking water infrastructure includes raw water uptake buildings, transmission networks, distribution networks, and/or drinking water treatment plants;
- e. wastewater infrastructure includes waste water treatment installations, collection networks and/or main networks, and/or waste facilities including transporters and/or landfills;
- f. telecommunications infrastructure including telecommunications networks;
- g. electricity infrastructure includes electricity generation, transmission, distribution and/or installation; and/or

- h. oil and/or natural gas infrastructure including oil, and/or natural gas processing, storage, transportation, transmission and/or distribution installations.

The following will explain the method of utilizing regional property based on PP 27 of 2014 concerning BMN/D management as follows:

➤ **Rent**

Rent is the use of BMD by another party within a certain period and receives cash advances. The object of rent is land and/or buildings that have been submitted by the Property User to the Governor/Regent/Mayor; Regional Property in the form of a portion of land and/or which is still used by the user of the goods; and BMD other than land and/or buildings. The purpose of the lease is the optimization of BMD that has not or has not been used in the implementation of basic tasks and functions and prevents unauthorized use by other parties. BMD rental is done as long as it does not harm the region and does not interfere with the implementation of the tasks and functions of the regional government.

The lease period is no longer than 5 (five) years since the agreement was signed. The lease period can be more than 5 years and can be extended to: a). Infrastructure cooperation; b) activities with business characteristics that require more than 5 (five) years; c) specified in law.

The rental partners are:

- a. Regional Government in the matter of utilizing BMD is not for the implementation of duties & functions
- b. State/Regional-Owned Enterprises
- c. Private
 - Individual
 - Civil/Firm/Commitment Fellowship
 - Limited company
 - International institutions/organizations/

- Foundation
 - Cooperative
- d. Supporting units of government/state administration activities
- National unity/association PNS/TNI/POLRI
 - Unions/associations of civil servant wives/TNI/POLRI
 - Other activity support units
- e. Other Legal Entities
- Bank Indonesia
 - Deposit Insurance Agency
 - Legal entities owned by the state
 - International/foreign legal entities

➤ **Lease**

Loan use is the transfer of the use of goods between the Central Government and the Regional Government or between Regional Governments within a certain period without receiving compensation and after that time period is returned to the Property Manager. The object of use-borrowing is in the form of land and/or buildings that have been handed over by the Property User to the Governor/Regent/Mayor, Regional Property, a portion of land and/or which is still used by the user of the goods; and BMD other than land and/or buildings. The aim is to optimize BMD that has not/has not been used in the implementation of the main tasks and functions and also supports the implementation of local government.

The loan period is 5 years and can be extended 1 time. In the event that it will be extended, the request for an extension is submitted no later than 2 months before the end of the term. Borrowers are prohibited from making use of borrowed objects. Borrowers can change BMD as long as they do not make changes that result in changes in function and/or impairment in BMD value and as long as it has been approved by the User/Property Manager. Maintenance and costs incurred during the period of use and loan, the responsibility of the borrower to use. After the loan period has expired, the borrower must return the borrowed BMD in accordance with the agreement.

➤ **Utilization Cooperation**

Utilization cooperation is the utilization of regional assets by other parties within a certain period in the context of increasing regional income and other funding sources. Cooperation in the Utilization of Regional Owned Property with Other Parties shall be carried out in the context of optimizing the use and utilization of Regional Owned Property; and/or increase regional income. The condition that underlies the utilization of cooperation is that there are not enough or not enough funds available in the Regional Revenue and Expenditure Budget to meet the operational, maintenance and/or repair costs needed for the Property of the Region. The object of loan use is in the form of land and/or buildings that have been delivered by the Property User to the Governor/Regent/Mayor, Regional Property in the form of a portion of land and/or which is still used by

the user of the goods, and BMD other than land and/or buildings.

Cooperation in the use of BMD does not change the status of BMD. The Utilization Cooperation partner must pay a fixed contribution every year during the stipulated operating period and the profit sharing of the results of the Utilization of Regional General Cash accounts. The amount of fixed contribution payment and profit sharing from the Utilization Cooperation result is determined from the results of the calculation of the team formed by: 1) Governor/Regent/Mayor, for Regional Property in the form of land and/or buildings; 2) Regional Property Manager, for Regional Property other than land and/or buildings.

The amount of the payment of a fixed contribution and profit sharing from the Utilization Cooperation must be approved by the Property Manager. In the Cooperation in Utilizing Regional Property in the form of land and/or buildings, part of the permanent contribution and profit sharing can be in the form of buildings and facilities that are built in one planning unit but are not included as objects of Utilization Cooperation. The value of the building and its facilities as part of the permanent contribution and profit sharing contribution is no more than 10% (ten percent) of the total fixed contribution and profit sharing during the Utilization Cooperation period. Buildings that are built with the cost of a fixed contribution and the distribution of profits from the beginning of their procurement are Regional Property. In the case of partners in the Utilization of Regional Ownership for the provision of infrastructure in the form of Regionally-Owned Enterprises, the permanent contribution and profit sharing can be set at a maximum of 70% (seventy percent) of the team's calculation results

The period of Utilization Cooperation is no more than 30 (thirty) years since the agreement is signed and can be extended. The term of the Cooperation in Utilizing Regional Property for infrastructure provision can be extended no later than 50 (fifty) years since the agreement is signed and can be extended. The cooperation partners are the utilization of Public / State-Owned Public Bodies and private parties except individuals. During the operating period, the Utilization Cooperation partner is prohibited from guaranteeing or mortgaging Regional Property that is the object of Utilization Cooperation. Land, buildings, buildings, facilities and facilities built by KSP Partners become BMN since they are submitted to the Government in accordance with the agreement or upon the termination of the agreement

➤ **Build Up Deliver/Build Handover**

Build-up for Handover is the Utilization of Regional Property in the form of land by another party by constructing buildings and/or facilities and the facilities, then empowered to use these other parties within a certain agreed period of time, to subsequently be handed back the land along with the building and/or facilities The following facilities after the expiration of the period. Whereas a Build-Up of Utilization is the Utilization of Regional Property in the form of land by another party by

constructing buildings and/or facilities and facilities, and after completion of its construction, it is submitted for use by the other party within the agreed period of time. Construction of Handover or Construction of Handover of State/Regional Property is carried out with consideration to: 1) Property users require buildings and facilities for the administration of state/regional governments for the benefit of public services in the context of carrying out their duties and functions; and 2) not available or insufficient funds available in the State/Regional Budget for the supply of buildings and facilities.

Regional Property in the form of land whose status is in the User of Property and has been planned to carry out the duties and functions of the User of the relevant Property, can be Constructed or Constructed after Conveying after first submitted to: 1) Managing Goods, for Property; 2) Governor/Regent/Mayor, for Regional Owned Property. The period of Build-Up of Transfer or Build-Up of Transfer is no longer than 30 (thirty) years since the agreement was signed and cannot be extended. Model Bangun Serah Guna partner that has been determined, during the operating period has the following obligations: a) obliged to pay contributions to the account of the State/Regional General Cash every year, the amount of which is determined based on the results of the calculation of the team formed by the authorized official; b) obliged to maintain Build-Up Handover or Build-Up Handover objects; and c) do not guarantee, mortgage or transfer: 1) land that is the object of Build-Up Giving or Giving Up; 2) the results of building and handover which are used directly for carrying out the duties and functions of the Central/Regional Government; and/or 3) the results of the wake up.

Within the period of operation, the results of the Construct or Deliverable Constructions must be used directly for carrying out the duties and functions of the Central/Regional Government at least 10%. The Regional Build-Up Construction Partner must submit the Build-Up Handover object to the Governor / Regent / Mayor at the end of the operating period, after an audit by the Government's internal control apparatus with the following procedures:

- a. the Build-Up Serah Guna partner must submit the Build-Up Handover object to the Governor/Regent/Mayor after the construction is completed;
- b. the results of Build-Ups submitted to the Governor/Regent/Mayor are determined as Regional Property;
- c. partners of Build-Up Serah To be able to utilize Regional Property as referred to in letter b in accordance with the time period specified in the agreement; and
- d. after the end of the utilization period, the object of the Build-Up Design is first audited by the Government an intern supervisory apparatus before its use is determined by the Governor/Regent/Mayor.

➤ ***Infrastructure Provision Cooperation***

Cooperation in infrastructure provision is cooperation between the Government and Business Entities for infrastructure supply activities in accordance with the provisions of the Laws and Regulations. Cooperation in the Provision of Infrastructure for State/Regional Property is carried out on: Regional Property in the form of land and/or buildings in the Property Manager/Property User; Regional Property in the form of a portion of land and/or building which is still used by the Property User; or regional Property other than land and/or buildings.

Cooperation in the Provision of Infrastructure for State/Regional Property is carried out between the Government and Business Entities. Business Entity referred to is a business entity in the form of: limited company; State-owned enterprises; Regional owned enterprises; and/or cooperative. The period of Cooperation in the Provision of Infrastructure is a maximum of 50 (fifty) years and can be extended. The establishment of partners for Cooperation in the Provision of Infrastructure is carried out in accordance with statutory provisions. The Infrastructure Provision Cooperation Partners who have been determined, during the period of the Provision of Infrastructure Cooperation: is prohibited from guaranteeing, mortgaging, or transferring State/Regional Property that is the object of Infrastructure Provision Cooperation; obliged to maintain the objects of Cooperation in Provision of Infrastructure and goods resulting from Cooperation in Provision of Infrastructure; and distribution of excess profits can be charged as long as there are excess profits obtained from what was determined at the time the agreement was started.

The distribution of excess profits deposited to the State/Regional Treasury with the formula and/or the amount of excess profit sharing is determined by Property Manager, for State Property; or Governor/Regent/Mayor, For regional Ownership. The Infrastructure Provisioning Cooperation Partner must submit the object of the Provision of Infrastructure Cooperation and goods resulting from the Provision of Infrastructure Cooperation to the Government at the end of the period of the Provision of Infrastructure Cooperation according to the agreement. Goods resulting from Cooperation in the Provision of Infrastructure shall become State/Regional Owned Goods since being handed over to the Government in accordance with the agreement.

➤ ***Case Study on the Selection of the Method for Utilizing Regional Property in the Development of Coastal Coastal Tourism Areas***

The development of tourism areas in the area of regional autonomy has become one of the potentials in increasing Local Revenue. This is due to the fact that the Local Revenue, especially Regional Taxes and Regional Levies, tends to be common in regions with high urbanization rates, such as Hotel Taxes, Restaurant Taxes, and Motorized Vehicle Taxes. So that for regions where the urban element is not too high the potential for tax revenues is small. Given these facts, one of the strategic sectors that can trigger an increase in PAD is the tourism sector. The development of the tourism sector must be able to bring in

potential domestic and foreign tourists. Tourists who do not just visit the beach and just pass by but tourists whose existence can benefit the economy of the local community. Tourists are interested in staying at a local location, eating at a local restaurant, buying various souvenirs from the local community.

The following will discuss a case study of the selection of the method of utilizing BMD in the Coastal

Island tourist area in the Thousand Islands District of Jakarta with a general description of having an area of 8.7 km² with a population of 23,897 inhabitants consisting of two sub-districts and six villages. Assets recorded in the goods inventory card include: land, equipment & machinery, buildings, roads/networks/irrigation, other fixed assets and construction in progress with a total value of Rp. 1,370,167,857,150



Fig 3

At the time of the research, there were a number of problems encountered in the management of the island's coastal tourism area, one of which was sea transportation access to the Coastal Island. The island was still under-representative, meaning that besides being not managed in a modern manner, the implementation of sea transportation, especially the transportation of wooden ships by the island community as part Large does not meet the feasibility of ship transportation that can endanger the safety of passengers at any time. Actually, the regional government as a regulator must be able to organize this sea transportation through guidance to island communities so that it does not become a potential lost levy as an additional revenue, or the local government acts as a bridging between the private sector and the traditional boat transportation community.

Procurement of facilities and infrastructure in developing the tourism sector can be done in two ways, namely procurement with self-funding or procurement involving third parties which is theoretically known as public and private partnership. This mechanism was later known in Government Regulation Number 27 of 2014 as utilization. Based on the results of interviews it is known that the purpose of the utilization of the Coastal Coastal Tourism Area is the international standard hotel area, the

form of utilization is included in the form of non-infrastructure utilization. Based on the results of interviews, it is known that the third party conducting the utilization is the private sector. Thus, the possible utilization models are leasing, building up for handover/building up for use, and utilization cooperation.

When viewed in terms of utilization period, the form of lease cooperation has a weakness because the utilization period is a maximum of 5 years and can be extended if it meets 3 conditions: Infrastructure cooperation; Activities with business characteristics that require a lease period of more than 5 years, or It is determined by law. Referring to these provisions, the form of leasing utilization is considered to be less appropriate considering the relatively short utilization period creates an investment security risk for the investor. The utilization period that will be evaluated once every 5 years gives the potential for hotel investment uncertainty in the area.

Based on these considerations, the most possible forms of utilization are Build-Up Handover/Build-Up Handling and Utilization Collaboration. The selection of the form of cooperation will greatly depend on the basic considerations of the Thousand Islands District Government. The basis of the cooperation in the utilization

of Regional Owned Property in order to optimize the efficiency and usefulness of BMD and increase regional revenue. The basis for consideration of Build-Up/Build-Up Handover is the user of goods needing buildings and facilities for the administration of state/regional government for the benefit of public services in the context of carrying out the duties and functions and not available or insufficient funds available in the APBD for the supply of the building and facilities. The basis for the consideration of the use of utilization has different consequences both in terms of time period and type of contribution.

The choice of form of utilization must be based on the vision and mission of regional government tourism and be able to have a multi effect on the community's economy. For this reason, there are two models of utilization policies that can be proposed:

➤ **Build-Up or Transfer-Up Model**

a. Motive for Utilization in the Form of Constructing Giving Up or Constructing Giving Up

The BGS utilization model is required when the user of goods needs buildings and facilities for the administration of the state/regional government for the benefit of public services in the context of carrying out their duties and functions and there is not enough or insufficient funds available in the APBD for the supply of the buildings and facilities. Based on this, if the Thousand Islands District Government requires buildings and facilities to carry out basic tasks and functions, the utilization of the Coastal Coast Tourism Area can be in the form of using the BSG/BGS mechanism. The parties that can become BGS/BSG partners are BUMN/D, Private (except individuals).

b. Difference Between Giving Up and Giving Up

Basically BGS is the use of central government land by another party by constructing buildings and/or facilities and facilities, then using these other parties within a certain agreed period of time and then returning it to the Property Manager after the period ends. Whereas BSG is the use of land owned by the central government by another party by constructing buildings and/or facilities and facilities, then handed over to the Property Manager to be utilized by the other party within the agreed period. A fundamental difference between BGS and BSG is related to the audit system. At BSG, the audit is conducted at the beginning before it is operated. The advantage is that the Blood Government can find out the value of buildings so they have high legal legitimacy. The BSG partner is obliged to surrender the building results of the BSG when the contract ends with the building value in accordance with the initial audit. Whereas the BGS audit is conducted at the end. The BGS system has weaknesses related to willingness in building maintenance.

Some empirical facts show that BSG is more effective than BGS. One of the research studies conducted through a benchmarking study with the Thousand Islands Regency Government is more focused on the use of BSG because this is based on the experience of the utilization of

cooperation that has occurred so far that the condition of the building at the end of the contract period is not maintained. Based on these considerations, the current form of utilization in the Thousand Islands District Government is directed to the Build-Up Design model.

The second fact relates to the experience Government on the Management of the Coastal Islands using the BGS mechanism where there were problems when the building was handed over to the local government after the end of the contract period. The BGS mechanism provides another effect where a third party feels that they own the building after 30 years of utilizing regional assets without conducting an asset audit at the beginning of the development. Based on these facts, if the Thousand Islands Regency Government wants to choose this model in utilizing the Coastal Costal Area, then it should use the Build-Up Design mechanism.

c. The Advantages of a Build-Up and Delivering Build-Up Model

1) Asset Safety Maintained

The security of assets using the BGS/BSG model is higher than cooperation utilization due to several things:

Article 36 paragraph (1) states that the period of BGS/BSG is no more than 30 years since the agreement is signed. The set time period of no longer than 30 years is a consequence when referring to the motive for using the BSG/BGS mechanism. Basically, this mechanism is intended when local governments need assets in carrying out basic tasks and functions but do not have enough funds. Therefore, the nature of the term of the utilization of assets is limited so that as soon as possible can be used in the implementation of the main tasks and functions.

Article 36 paragraph (3) letters b and c, that BGS/BSG Partners during the operation period 1) are required to maintain BGS/BSG objects and 2) are prohibited from guaranteeing, mortgaging, or transferring the land which is the object of BGS/BSG; the BGS results are used directly for carrying out the duties and functions of the Regional Government, and the results of the Build-Up of Utilities.

2) Nature of Contributions

This mechanism requires third parties to pay contributions to the Regional General Cash Account each year, the amount of which is determined based on the results of the calculation of the team formed by the authorized official. There are other advantages of the BGS/BSG model in which 10% of the results of Build-Up Handover or Build-Up Handover must be used directly for carrying out the duties and functions of the Central/Local Government at least 10% (ten percent). This clause provides space for local governments to get buildings early in the construction period. If the utilization of the coastal tourism area, the building can be intended for SKPD related to tourism development or other SKPD which functions to support the development of the tourism sector, for example the Office of Cooperatives, SMEs, and so on. The amount

of the BGS/BSG object used for tasks and functions is determined by the Property Manager/Property User.

➤ **The Utilization Cooperation Model**

a. Motives for Utilization of Utilization Cooperation

The Utilization Cooperation Model can be used if the object is land/building, part of land/building and other than land/building. Related to the scope of utilization objects, the utilization cooperation model is more flexible than BGS/BSG because it includes objects other than land and buildings. The cooperation model has advantages in terms of the utilization period of cooperation no later than 30 (thirty) years since the signing of the KSP agreement and can be extended.

b. Characteristics of cooperative utilization models

The characteristics of utilization cooperation are as follows: Land, buildings, buildings, facilities and facilities built by KSP partners become BMD since they are submitted to the government in accordance with the agreement or upon the termination of the agreement; KSP preparation costs incurred by the Property Manager or Property User The appointment of KSP Partners is charged to the APBD; KSP preparation costs incurred after the establishment of the KSP Partner are borne by the KSP partner and are not counted towards profit sharing; KSP partners are determined through tenders, except BMD which is specific in nature; Parties that can be partners are BUMD and Private except individuals; The types of contributions are.

Contributions in the form of buildings can be intended for the construction of public facilities and infrastructure and are not tied to development in order to support the main tasks and functions of certain SKPD as required in BGS and BSG. In the end both BGS/BSG or Utilization Cooperation will be submitted to the regions at the end of the contract period. Each form of cooperation has advantages and disadvantages and is trade off so that the selection of the model is highly dependent on the motives of the local government in developing tourism. If the urgency lies in the addition of facilities for the implementation but the Regional Government does not yet have sufficient funds, the form of utilization can be directed to BGS/BSG. However, if the urgency lies in increasing PAD, this form of utilization can be directed towards collaborative utilization. In principle, regional development must be a stimulus for the community to improve the economy in the Thousand Islands Regency. With the development of the tourism sector it is expected to have a trickle down effect on increasing PAD. The role of government in addition to being a regulator also acts as a stimulator. Funds owned by local governments can be used as stimulants to direct private/community investment in the direction desired by local governments. To attract tourists visiting the Thousand Islands Regency can be done through several aspects such as the tourism sector, culture, and creative industries.

IV. CONCLUSIONS AND SUGGESTIONS

Utilization of Regional Owned Property is the utilization of BMD that is not used for carrying out the duties and functions of regional work units and/or optimizing Regional Property by not changing its ownership status. Utilization of BMD provides opportunities for regions to increase their PAD and improve public facilities. There are types of use and use loans, BGS/BSG, Leases, Utilization cooperation that can be done on the form of non-infrastructure utilization while in the form of infrastructure, the forms of utilization that can be chosen are leases, utilization cooperation and infrastructure supply cooperation. In the context of increasing regional own-source revenue, each method of utilizing assets (except borrow-and-use) has its own contribution to increase regional income and/or increasing regional assets.

Each form of cooperation has advantages and disadvantages and is trade off so that the selection of the model is highly dependent on the motives of the local government in developing tourism. If the urgency lies in the addition of facilities for the implementation but the Regional Government does not yet have sufficient funds, the form of utilization can be directed to BGS/BSG. However, if the urgency lies in increasing PAD, this form of utilization can be directed towards cooperative utilization. In addition, the selection of asset utilization methods should be based on the regional vision and mission and the methods that have the greatest impact on the regional economic growth.

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