

ASSET MANAGEMENT AFTER THE CREATION OF NEW AREA IN WEST PAPUA PROVINCE

Yakob Jitmau, Haselman, Rakhmat, & Muhammad Yunus
Public Administration, Faculty of Social and Political Sciences
Hasanuddin University, INDONESIA

ABSTRACT

The province of West Papua is confronted with an unfinished policy issue relating to regional assets. The purpose of this study was to analyze the management of regional assets after regional creation of new area in West Papua Province. This type of research is qualitative research, observation and interview techniques used in an integrated manner in this study and data collection techniques include observation, interviews and document studies. Asset management research results show that it has not proceeded according to planning and reporting. The low management of regional assets in West Papua Province as a result of regional creation of new area has become a problem that must be given a solution in the form of policies in realizing regional asset management according to planning, budgeting, distribution, utilization and reporting, based on regulations on regional asset management in West Papua Province.

Keywords: Management, Assets, Policy, Creation of new area.

INTRODUCTION

The potential possessed by an asset can be utilized for the needs of the organization and developed into a resource to support the operational activities of the organization or utilize the potential of existing assets to create a concept in generating revenue. Therefore assets are classified based on the shape, acquisition of funds, the concept of property law, and their characteristics, with the aim of each asset classification can be carried out management / asset management to get optimal results effectively and efficient use of an asset. Asset Management is a scientific field that arises due to the reality, especially in Indonesia which has a wealth of resources both natural resources (SDA) and human resources (HR) and also infrastructure that is still not well managed. Therefore, all assets owned by the State must be managed and maintained, and in their use, do not overdo or over capacity (Usui & Alisjahbana, 2003).

A study for the World Bank conducted by Kaganova and Nayyar-Stone (2000) explains that local governments in almost all countries have significant amounts of public assets (government assets). Still according to the research referred to it turns out that not many awareness is owned by many regional governments in developing countries that public assets are portfolios that should be managed well because they can provide direct benefits namely efficiency over a limited budget and potential revenue from the use of assets. Kaganova and Conway et al., (2006) emphasized that many regional governments around the world are the largest owners of assets in terms of quantity and value compared to any institution or corporation in their respective regions. Departing from these basic facts, the role of the community is needed not to underestimate the issue of government assets. The quality of financial statements from government assets still needs to be improved in terms of their management (Hasbi et al., 2011; Muda et al., 2018).

Issues regarding regional assets, along with Government Regulations on creation of new area are the main reasons for proposing the creation of new area, because not all regencies / cities are able to fulfill technical prerequisites related to economic capacity considerations and the potential of the region to organize local government, because usually district / city governments do not willing to surrender its regional assets to the parent area, so that it will expand its own area.

The condition of the Province of West Papua is confronted by unresolved policy issues relating to regional assets, particularly those contained in Government Regulation Number 6 of 2006 concerning Management of Regional Property. Problems with regional assets that are often disputed or poorly implemented are related to asset inventory problems that are not clearly designated, legal audits that are not transparent in reporting, valuation of regional assets that are not in accordance with reality, optimization of assets that do not match the achievement and low authority in conducting supervision and control regional property. As a result, asset management is not realized in accordance with its use and use in facilitating public services to realize the welfare of society.

Regional asset management has been running so far, but it has not been implemented as expected to achieve maximum efficiency and effectiveness, so regulations are needed as a guideline in the implementation of regional asset management. Up to now, the management of regional inventory is carried out on the basis of the provisions of the Regulation of the Minister of Home Affairs Number 32 of 1998 concerning the Administration of Regional Goods Administration and the Regulation of the Minister of Home Affairs Number 7 of 1997 as the main regulation on the rules of inventory items of the Regional Government. For the Regional Government, assets belonging to the regions are very important and determine the course of the government, therefore it is necessary for the regional asset management policy to be implemented in accordance with the management function in this case the West Papua Provincial Government must be able to plan, budget, distribute, utilize and report according to the utilization and its designation in order to realize public services to achieve community welfare.

The problem of policy impacts of Special Autonomy relating to asset management, the current regional development problems facing West Papua Province can be overcome through regional the creation of new area solutions that guarantee the future of development by implementing asset management. Therefore, the purpose of this study is to analyze the management of regional assets after the creation of new area in west papua province.

Review of Regional Asset Concepts

The definition of assets in general according to Siregar (2004) is goods (things) or something goods (anything) that have economic value, commercial value or exchange value owned by a business entity, agency or individuals. According to Britton et al., (1989) said asset management is a define good asset management in terms of measuring the value of properties (assets) in monetary terms and employing the minimum amount of expenditure on its management. Siregar (2004) states that asset management is developing quite rapidly, but in Indonesia in the context of regional government asset management it is not fully understood by regional managers. Local government asset management is divided into five work phases which include asset inventory, legal audit, asset valuation, optimization of utilization and development of SIMA (Asset Management Information System), where the five stages are interconnected and integrated with one another.

More clearly Siregar (2004) describes the form of regional assets as follows: (1) Asset inventory is an activity that consists of two aspects, namely physical and legal / legal inventory. Physical aspects consist of shape, area, location, volume / number, type, address and others. While the juridical aspect is the status of mastery, legal problems that are owned, the deadline of mastery. The work process carried out is data collection, codification / labeling, grouping and bookkeeping / administration in accordance with the objectives of asset management. (2) Legal audit as the scope of work of asset management in the form of an inventory of the status of the mastery of the system assets and procedures for the control or transfer of assets. Furthermore, identifying and finding solutions to legal problems, and strategies to solve various legal problems related to control and transfer of assets. Problems that are often faced in legal audits involve weak tenure status, assets controlled by other parties, transfers of assets that are not monitored and others. (3) Asset valuation is a continuation of the work unit of asset management in the form of asset valuation activities as an appraisal of assets held by local governments and these activities are usually carried out by independent valuation consultants. The results of this value will be used to determine the value of wealth and information for pricing the assets to be sold. (4) Asset optimization is an activity to optimize the physical potential, location, value, amount / volume, legal and economic assets of the asset. In this activity the assets controlled by the Regional Government are identified and classified into assets that have potential and which do not have potential. Assets that have the potential are grouped by leading sectors that can become the foundation of national economic development strategies, both in the short, medium and long term. To determine this must be measurable and transparent, while assets that cannot be optimized, factors must be found, whether factors are legal, physical, low economic value or other factors, so that each asset will provide its own value. The final results of this stage are recommendations in the form of targets, strategies and programs to optimize the assets held. (5) Supervision and control as the final activity of asset management which is often a matter of blasphemy against the current Regional Government.

The most effective means of improving the performance of this aspect is the development of SIMA. Through SIMA, work transparency in asset management is guaranteed without the need for fears of weak supervision and control. In SIMA, the four aspects above are accommodated in the system by adding aspects of supervision and control. Thus every treatment for an asset, clearly monitored, starting from the scope of handling to who is responsible for responding to it. This is expected to minimize corruption, collusion and nepotism in the delivery of services by the Regional Government.

Government Regulation Number 25 of 2005 concerning Government Accounting Standards (SAP) statement number 62 assets are categorized into current and non-current assets. In accordance with the categories in this provision, fixed assets are categorized as non-current assets. In statement 66 stated that the fixed assets include land, machine tools, buildings and buildings, roads, irrigation and networks, other fixed assets and construction in progress. One of the Accountability Reports of the Regional Head is the Balance Sheet. Halim & Damayanti (2007) states that the balance sheet is a financial report that is prepared systematically to show the position of assets, debts and capital of a company at a particular time. According to Government Regulation No. 11 of 2001, the balance sheet is prepared based on government accounting standards that are gradually in accordance with the conditions of each government. The regional head's report for a number of elements of the balance sheet includes current assets, current liabilities, fixed assets, long-term liabilities, and equity. So fixed assets and inventories are the basic elements in the preparation of a financial balance sheet (Mackenzie et al., 2012). An assessment of the ability of regional assets can include aspects of rights, namely income;

and the liability aspect, namely shopping. Sources of regional income consist of PAD, Balance Funds, Regional Loans, and other valid regional income. Regional spending is broken down by organization, function and type of expenditure (Mardiasmo, 2002).

The object of regional asset management

The object of regional asset management is the revenue side and the expenditure side. On the revenue side, regions can do two things: first, mobilization of conventional revenue sources through intensification and extensification of Regional Taxes and Regional Retribution as well as optimization of regional loans and BUMD profits. Second, the Region can optimize the new sources of revenue, namely revenue from other regional wealth management results that are separated. While in terms of expenditure, regions must be able to redefine the budgeting process. In addition to allowing improvements in the economic level, efficiency and effectiveness of each government activity (budget savings such as those produced by the standard expenditure analysis), budget redefinition must also be able to ask whether a public service still has to be produced by the local government or sufficiently provided by the government Regions by way of partnership or privatization.

Management is a process of carrying out activities in achieving certain goals through collaboration with others. The process of collaboration is a process involving all sources that are integrated into a system that moves to achieve organizational goals. Management plays an important role in supporting the success of a process of activities ranging from planning to the assessment or evaluation of the achievement of the objectives of an activity related to regional asset management (Mardiasmo et al., 2012).

The main objectives of regional asset management stated by Halim & Damayanti (2007) are summarized as follows: (a). responsibility, (b). able to meet financial obligations, (c). honesty, (d) effectiveness and effectiveness, and (e) control. The reporting of regional assets principally discusses financial management activities that originate from APBN revenues and regional own-source revenues undertaken to achieve the targets set in accordance with the level of realization stated in the balance sheet in accordance with the recording of financial statements.

METHODOLOGY

This type of research is a qualitative research, research location in the province of West Papua. The researcher determines the location of the study on the grounds that it needs a public administration review related to the regional the creation of new area policy of a region. Observation and interview techniques are used in an integrated manner in this study, but it involves matters that are done by subjects related to research. Data collection techniques include observation, interview and document study. The stages in data analysis taken in this study involve the steps of data reduction, data presentation and verification.

RESULTS AND DISCUSSION

These laws and regulations are implemented by policy makers as policy implementers in managing regional asset management. The impact of regional the creation of new area and Special Autonomy in force in the province of West Papua raises problems that are handled by policy implementors on regional assets, which broadly cover issues related to regional asset inventory, legal audits, asset valuation, asset optimization, asset monitoring and control. State assets are important for the survival of government organizations in issuing public policies. Based on the results of the interview it can be seen that found regional assets in the province of West Papua in the form of a number of goods and government buildings as assets have not

been inventoried according to their use and procurement budget, some goods and office equipment that have not been legally audited, asset assessments from several agencies have not been delegated, optimization of utilization assets in the form of goods and equipment have not been well managed, and the lack of supervision and control in the utilization and use of regional assets.

The following shows the form of regional asset issues that need to be addressed in order to improve Asset management in Papua Province so that they can be addressed through the implementation of regional asset management:

Table 1. Regional Assets and their Management in the Province of West Papua 2015 – 2016

Regional Asset Items	Handling problems	Percentage of Application of Regional Asset Management
Asset Inventory	Data collection, recording and re-documentation of assets belonging to the region	Reporting aspects (32.3%)
Legal Audit	Financial governance and financial performance	Budgeting (27.4%)
Asset Valuation	Goods, buildings, land and permits	Distribution (30.3%)
Asset Optimization	Targets and realization achieved	Planning (29.4%) and Budgeting (20.4%)
Asset Control and Control	Internal and external	Planning (20.5%) and Utilization (42.3%)

Source: Results of observation and data processing, 2016.

Table 1 explains that regional asset management is a problem that is often disputed by the West Papua Provincial Government and the Regency / City Government in its management and utilization. Regional asset valuation items that are often disputed are related to asset inventory items with handling problems related to data collection, recording and documentation of regional assets whose reporting has not been implemented properly, only reaching 32.3% owned by the Province of West Papua.

Table 1 also explains that regional asset items viewed from legal audits conducted based on the handling of problems faced by local governments so far the application of governance and budgeting financial performance is still low, only reaching 27.4% conducted on the use of regional property. This happens because regionally owned goods have not been surrendered, misused and use of regionally managed goods that are not well managed.

The application of regional assets as assets also from the table above shows that the valuation of assets handled or used cannot be distributed in support of services performed by the government, because the valuation of regional assets in the form of goods, buildings, land and utilization permits and the use of assets have not been fully authorized to West Papua Provincial Government, distribution of asset valuation managed only reached 30.3%. As a result of granting regional assets that have not been fully handed over to the Government of West Papua Province, the utilization and use of regional assets has not been optimized, so that the planning

and budgeting of new regional property is under 30% or within the planned range of 29.4% and only 20.4% is budgeted in the implementation of the activities of the West Papua Provincial Government organization.

Observing the problems of regional assets that occurred after the regional division of West Papua Province, the activities of supervision and control of regional assets both internally and externally have not been controlled according to planning and reporting. The plan that was developed at this time only reached 20.5% and the utilization made only reached 42.3%. This is a picture that the activities of supervision and control of assets still need to be improved.

Asset management is directing the asset management system so that its utilization is effective and efficient. Effective related to the targets achieved, while efficient related to costs incurred. The specific objectives of asset management are to improve asset quality, increase asset use and utilization, improve asset service quality and increase asset service coverage. Based on internal and external analysis the controls have not yet proceeded according to planning and reporting related to asset management in West Papua Province.

This description is in line with the opinion expressed by Siregar (2004: 28) that regional assets include asset inventory, legal audit, asset valuation, asset optimization, supervision and control. This form of asset use must be managed in accordance with regional asset management. It is important for local governments, especially for regions experiencing creation of new area, to be able to manage assets adequately and accurately through the application of good asset management because there are many factors that influence (Simamora, R., & Halim, 2015).

The low management of regional assets in West Papua Province as a result of regional creation of new area has become a problem that must be given a solution in the form of policies in realizing regional asset management according to planning, budgeting, distribution, utilization and reporting, based on regulations on regional asset management in West Papua Province. This regional asset management is important in order to realize the welfare of the people of West Papua Province including after the regional the creation of new area. So far there is no awareness from the government in seeing conditions as described by the author. Regional asset planning and also the elimination of regional assets in the West Papua Provincial Government need special attention related to the management of regional assets in this area. This is due to the vastness of the area as well as the spread of the area causing the need to identify needs.

CONCLUSION

Regional asset management after the division of West Papua Province covers the activities of monitoring and controlling regional assets both internally and externally. The low management of regional assets in West Papua Province as a result of regional creation of new area has become a problem that must be given a solution in the form of policies in realizing regional asset management according to planning, budgeting, distribution, utilization and reporting, based on regulations on regional asset management in West Papua Province.

REFERENCES

Britton, W., Connellan, O. P., & Crofts, M. K. (1989). *The Economic, Efficient and Effective Management of Public Authority Landed Estates. Kingston upon Thames, The School of Surveying at Kingston Polytechnic and Surrey County Council.*

- Conway, F., Kaganova, O., & McKellar, J. (2006). A “Composite Image” of Central Government Asset Management Reforms. *Managing government property assets: International experiences, 1*, 17.
- Halim, A., & Damayanti, T. (2007). Seri Bunga Rampai Manajemen Keuangan Daerah: Pengelolaan Keuangan Daerah. *Yogyakarta: Sekolah Tinggi Ilmu Manajemen YKPN*.
- Hasbi Hanis, M., Trigunarsyah, B., & Susilawati, C. (2011). The application of public asset management in Indonesian local government: A case study in South Sulawesi province. *Journal of Corporate Real Estate, 13*(1), 36-47.
- Kaganova, O., & Nayyar-Stone, R. (2000). Municipal real property asset management: An overview of world experience, trends and financial implications. *Journal of Real estate portfolio management, 6*(4), 307-326.
- Mackenzie, B., Coetsee, D., Njikizana, T., Chamboko, R., Colyvas, B., & Hanekom, B. (2012). *Wiley IFRS 2013: Interpretation and Application of International Financial Reporting Standards*. John Wiley & Sons.
- Mardiasmo, D., Sampford, C., & Barnes, P. (2012). The exemplification of governance principles within state asset management laws and policies: the case of Indonesia. In *Engineering Asset Management and Infrastructure Sustainability* (pp. 613-631). Springer, London.
- Mardiasmo. (2002). *Otonomi dan Manajemen Keuangan Daerah*. Yogyakarta: ANDI.
- Muda, I., Harahap, A. H., Ginting, S., Maksum, A., & Abubakar, E. (2018). Factors of quality of financial report of local government in Indonesia. In *IOP Conference Series: Earth and Environmental Science* (Vol. 126, No. 1, p. 012067). IOP Publishing.
- Simamora, R., & Halim, A. (2015). Faktor-faktor yang mempengaruhi pengelolaan aset pasca pemekaran wilayah dan pengaruhnya terhadap kualitas laporan keuangan Pemerintah di Kabupaten Tapanuli Selatan. *Jurnal Ekonomi dan Bisnis, 10*(1).
- Siregar, D. D. (2004). *Manajemen aset: strategi penataan konsep pembangunan berkelanjutan secara nasional dalam konteks kepala daerah sebagai ceo's pada era globalisasi & otonomi daerah*. Gramedia Pustaka Utama.
- Usui, N., & Alisjahbana, A. (2003). Local Development Planning and Budgeting in Decentralized Indonesia: Update. In *international symposium on Indonesia's Decentralization Policy: problems and policy Directions*.