

# Government Strategy in Empowering and Utilizing Regional Assets of the Riau Islands Province

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**Abstract:-** This research is entitled "Government Strategy in the Empowerment and Utilization of Regional Assets of the Riau Archipelago Province". The purpose of this research is to find out what strategies are used by the government in empowering and utilizing regional assets in the Riau Archipelago Province. This is important for research, bearing in mind that the Republic of Indonesia Audit Board of the Republic of Indonesia (BPK-RI) Representative for the Riau Islands Province always provides notes and recommendations regarding the not yet optimal utilization of regional assets in the Riau Archipelago Province. On the other hand, the existence of assets as regional wealth has not made a satisfactory contribution to the revenue of regional cash, especially in the Regional Original Revenue (PAD) budget post, whereas if these regional assets are managed optimally it is believed that they will contribute to PAD in significant amounts. The theory used in this study uses Robert H. Hayes & Steven C. Wheelwright (2008) who have classified 5 (five) main characteristics of the strategy, namely: Time, Impact. Concentration of Efforts; Decision Patterns and Pervasive Patterns The method used is qualitative with data collection techniques in the form of observation, interviews and documentation. The results of the research show that the Regional Financial and Asset Management Agency (BPKAD) of the Riau Archipelago Province has developed various strategies in managing regional assets by optimizing regional asset management in an integrated manner through data collection, recording and regulation of asset utilization. The real action taken as a policy direction is to optimize a series of integrated regional asset management processes starting from the asset planning process, asset utilization management, and regional asset administration. Meanwhile, the remaining problems are the lack of accuracy of asset data for each Regional Apparatus Organization (OPD) as well as efforts to secure regional assets.

**Keywords:-** Government Strategy; Asset Empowerment; Asset Utilization; Asset Optimization; PAD increase.

## I. INTRODUCTION

Regional development is an integral part of national development and cannot be separated from the principle of Regional Autonomy (Regaut). As an autonomous administrative region, the region has the authority and responsibility to carry out the public interest based on the principles of openness, community participation and accountability to the community.

The existence of two packages of laws that were issued almost simultaneously, namely Law no. 22 of 1999 which was amended by Law No. 32 of 2004 to the Third Amendment: Law Number 11 of 2020 concerning Regional Government and Law no. 25 of 1999 which has been amended into Law no. 33 of 2004 concerning Financial Balance between the Central and Regional Governments is a real manifestation of the demands of the Reformation Era.

In this era, the people are urging a total overhaul of the national development paradigm from a growth paradigm to a more equitable, transparent and balanced development paradigm. From here too, the starting point for the transition from the Deconcentration system to a Decentralized system by calling the Regional Government (Regov) as Autonomy.

According to Widjaja (2004:22), autonomy is the surrender of a number of central government affairs to regional governments that are operational in running the government bureaucratic system. The main objectives to be achieved from autonomy are to foster regional independence and increase regional competitiveness in the process of growth, developing regions in various fields and creating a process of service to the community that is more effective and efficient.

Regional autonomy is also the authority of the autonomous regions to regulate and manage the interests of the local community according to their own initiatives based on the aspirations of the people, in accordance with statutory regulations.

"...Meanwhile, an autonomous region is a legal community unit that has certain regional boundaries, has the authority to regulate and manage the interests of the local community according to its own initiative based on the aspirations of the people within the bonds of the

Unitary State of the Republic of Indonesia." (**Widjaja, 2004:76**).

While Halim (2001: 167) argues that, there are two main characteristics of a region declared to have been able to carry out autonomy, namely: First, regional financial capacity, meaning that the region must have the authority and ability to explore financial sources, manage and use its own finances adequate enough to finance the administration of its government, and Second, dependence on central assistance must be as minimal as possible, so that Regional Original Revenue (PAD) can become part of the largest financial source so that the role of regional governments becomes greater towards regional financial independence. The indicator of the financial independence of a region is reflected in the comparison between Regional Original Revenue (PAD) and the acquisition of Balancing Funds as an injection of funds from the central government.

"...Thus the greater the PAD obtained by a region, the less dependent the region will be on transfers of funds from the central government both from general allocation funds and special allocation funds." (**Halim, 2001: 169**).

On the other hand, there are problems related to doubts about the ability or capability of the autonomous region to carry out full financial autonomy within a certain period. This is because not all autonomous regions can change so quickly in line with their regional financial management system. On the other hand, the central government also does not want to lose control over regional governments.

It is different from the opinion of Kuncoro (2002) who explains several obstacles to the success of regional governments in carrying out their autonomy so that they get the title of financially independent regions. One of them is that the regions have so far been dominant and have high hopes for transfers of funds from the central government, plus the existence of regional companies that actually support the amount of Regional Original Revenue (PAD), some of which cannot be relied upon, and have even become a burden for the regional governments themselves. because there must be capital participation. Furthermore, in the field of taxation, it is actually still centralized

"...Although there are various types of taxes for the regions, it turns out that only a few can be relied upon as a source of regional revenue." (**Kuncoro, 2002:20**).

However, the spirit of regional autonomy is increasingly echoing throughout the territory of the Unitary State of the Republic of Indonesia. All regions seem to be competing to achieve the title of financial independence. Various programs and efforts have been made to increase Regional Original Revenue. The Riau Islands Provincial Government is no exception. This province which is relatively young and directly facing the countries of Singapore and Malaysia, also continues to

strive to increase the realization of its budget revenue, especially from the Regional Original Revenue sector.

One of them is by empowering and utilizing the assets owned as regional government assets.

Regional assets or in another sense are also called Regional Property is one of the most important elements in the administration of government and services to the community. The existence of regional assets is also considered vital because it supports the operational running of regional government. This condition directly confirms that regional assets must be managed professionally with planned and directed administration, so as to create economic, effective, efficient, accountable and transparent empowerment and utilization of regional assets as well as guarantee value certainty and legal certainty.

Empowerment and utilization of regional assets must be properly managed or managed so that their existence can become the initial capital for local governments in developing their financial capabilities towards regional financial independence as the ideals of regional autonomy itself.

Furthermore, Siregar (2004: 178) states that the purpose of asset management in general includes efforts to identify and inventory all assets including shape, size, physical, legal, as well as knowing the market value of each of these assets which reflects its economic benefits. Furthermore, optimizing asset utilization, whether the asset is in accordance with its designation or not. This is intended to create an information and administration system so as to achieve efficiency and effectiveness in asset management.

Then Siregar also explained, local government asset management can be divided into five stages of work which include; asset inventory, legal audit, asset valuation, optimizing the utilization and development of an Asset Management Information System where the five stages are interconnected and integrated with one another. Regional autonomy, the role and duties of local governments towards development and public service needs are getting bigger. Therefore it is required to maximize the benefits of regional-owned asset resources so that the goal of implementing regional government towards financial independence is achieved.

In this regard, the ranks of the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province have the rights, authority and obligations in managing and managing their own households, especially in optimizing the empowerment and utilization of regional assets in the Riau Islands Province. So that the existence of these assets is able to be efficient and transformed into new revenue-generating and digging machines for the regions as well as becoming reliable sources of revenue for the regions, especially in supporting the addition of Regional Original Revenue.

As with other provinces in Indonesia, the Provincial Government of the Riau Islands so far still relies on the local tax sector in order to boost local revenue. As well as tend to still ignore other resources to be used as sources of

new revenue for the region. This, one of which is reflected in the Structure of the Regional Revenue and Expenditure Budget (APBD) of the Riau Islands Province for the year 2022.

Table 1 Regional Original Revenue Structure (PAD) in the APBD of the Riau Islands Province in 2022

No	Regional Original Revenue (PAD)	Amount (Rp)	Percentage
1	Regional Tax	1.150.224.138.161,00	92,12%
2	Regional Retribution	69.994.479.480,00	5,60%
3	Results of Management of Separated Regional Assets/Wealth	9.150.000.000,00	0,73%
4	Other Legitimate Regional Original Revenues	119.125.000.000,00	9,54%
	<b>Total of Amounts</b>	<b>1.348.493.617.461,00</b>	

Source: Regional Regulation of Riau Islands Province Number 8 Fiscal Year 2021.

From the table above, it can be seen that the regional tax sector is still the favourite of the Riau Islands Province in boosting Regional Original Revenue up to 92.12%. Meanwhile, other sectors, such as levies and separated regional wealth management results as well as other sources of revenue as legitimate regional original revenue (ROR), have not yet been looked at and worked out optimally. In fact, it is possible that sectors that have been sidelined so far will actually be excellent in boosting Regional Original Revenues by fantastic and significant amounts. Because in fact it is these sectors that actually have more meaningful economic potential in the future which support the role and function of local governments in providing optimal services to the community through empowering and utilizing assets and other existing regional wealth.

There are a number of convoluted problems in terms of empowering and managing regional assets of the Riau Islands Province as implied in the Strategic Planning Document (Renstra) of the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province, in Chapter III Strategic Problems and Issues, at point 3.1 Identification of Problems Based on Service Duties and Functions, in number 4 the Asset Field reads.

"... The asset data for each regional apparatus is not yet accurate and their management and utilization is also not optimal. The process of certification and proof of the legality of proof of ownership is also not optimal. Also, efforts to secure assets owned by the region have not been optimal." (BPKAD of Riau Islands Province).

Based on field observations, it is also evident that there are still many assets of the Riau Islands Provincial Government, both land and buildings that have not been managed optimally. In fact, a number of them seem abandoned because they are not cared for and maintained. Like the assets of the Teachers' Assembly Building in Senggarang. This asset, which was built with nearly hundreds of billions of rupiah in funds, has not been managed and utilized until now.

Furthermore, referring to the Riau Islands Governor Regulation (Pergub) Number 60 of 2016 concerning Position, Organizational Structure, Duties and Functions, and Work Procedures of Regional Apparatuses, especially

for the nomenclature of the Regional Financial and Asset Management Agency of the Riau Islands Province, outlines the main tasks of the agency as one of the supports for the implementation of provincial government affairs in the field of regional financial and asset management. Based on the initial findings of the research, the Provincial Government of the Riau Islands has entered into a number of cooperation agreements with third parties, including:

- Cooperation Agreement Number: 120/2001.A/SET; Number: 434.B/PKS/BKP-TJP/VIII/2008 between the Government of the Riau Islands Province and PT Bank Bukopin Tbk Tanjungpinang Branch regarding Leasing and Stand Alone ATM Services of PT Bank Bukopin Tbk Tanjungpinang Branch in the Central Government Environment of the Riau Islands Province, Dompak, Tanjungpinang City from the results of this agreement, the Provincial Government of the Riau Islands received an additional income of IDR 24,000,000.00 per year.
- Cooperation Agreement Number: PKS.474/LG.05/RI.04/VI/2020; Number: 06/PKS-Setda/Kepri/VI/2020 between the Government of The Riau Islands Province and PT Telekomunikasi Selular regarding Leasing and Service of Regional Property within the Riau Islands Provincial Government for Installation and Placement of Cellular Telecommunication System Equipment and Supporting Equipment. From this agreement, the Riau Islands Provincial Government will receive an additional budget income of IDR 20,000,000.00 (one hundred and twenty million ruphias) per year.
- Governor Regulation Number 9 of 2020 concerning Changes in Regional Retribution Rates for the Riau Islands Province. With this change in tariffs, regional revenues have also increased from the previous year. The interest in managing regional assets properly is the responsibility of the regional government, especially in the Riau Islands Province. This activity is not only related to the control aspect, but also relates to the overall administration, procurement, use, maintenance, supervision, elimination and transfer as well as coaching and so on.

Another problem in the management and utilization of assets in the Riau Islands Province is that there are a number of notes and recommendations from the Indonesian Audit Board of the Republic of Indonesia (BPK-RI) Representative for the Riau Islands Province almost every fiscal year, even since the Riau Islands Province was formed until the 2022 fiscal year. then, always giving slanted notes related to governance of empowerment and utilization of regional assets that are not yet optimal. This is also an interesting note for the author to immediately conduct more focused and comprehensive research. So that answers can be immediately found for a number of existing problems related to the process of empowering and utilizing the regional assets of the Riau Archipelago Province so far. Millions of hopes, hopes and aspirations as well as the spirit of regional autonomy can be realized in line with the rapid increase in Regional Original Revenue which is directly proportional to the creation of an increase in the quality and quantity of public services that are more effective, efficient, accountable and transparent.

## II. THEORETICAL BASIS

### A. Strategy

In the opinion of Kaye & Jude (2007), strategy is a series of ways and actions that are planned, measurable and programmed, which are then set forth in the form of policies to achieve organizational goals. A strategy must also be oriented towards continuous improvement of organizational performance. In another sense, strategy is a technique related to ways or efforts related to how the goals or dreams of the organization can be achieved.

From the opinion above, it can be understood that strategy is a unified and best integrated and comprehensive way and effort that is structured to achieve organizational goals. In the process, the strategy also requires a series of analyzes, especially in terms of opportunities, challenges, obstacles and problems that may occur in the future. This is necessary so that the decision or policy taken is the most appropriate and ideal decision.

### B. Strategy Criteria

Furthermore, according to Hayes & Wheelwright (2008) it has classified 5 (five) strategy criteria which include:

#### ➤ Time.

The time limit strategy is used to measure a series of programs or activities which include targets and the realization to be achieved from the programs or activities carried out as well as the time targets used to observe their impacts.

#### ➤ Impact.

After implementing these strategies, the impact will be felt as the end result of implementing the strategy even in the long term.

#### ➤ Effort Focus.

Looking for other alternatives that are more effective and efficient as part of determining a strategy to obtain more optimal results.

#### ➤ Decision Patterns.

There is decision-making or policies from stakeholders that are mutually supportive and consistent.

#### ➤ Penetration Pattern.

The strategy applied must be able to take root in all layers to the next generation. So that the benefits are felt in an infinite period of time.

### C. Empowerment of Regional Assets

According to Haryanto (2019), explains that regional assets or goods are tangible goods obtained at the expense of the regional budget and origin from other legal acquisitions. Meanwhile, empowerment of assets or regional property is an effort to utilize regional assets in encouraging an increase in regional revenues. In addition, the overall goal of utilizing regional assets is as an effort to optimize regional assets.

Meanwhile, according to Poedjiyanto (2019) argued that the empowerment of regional assets or regional property aims to increase regional revenue or revenue while reducing the burden on the Regional Revenue and Expenditure Budget (APBD), especially maintenance and maintenance costs. Empowerment of regional assets also aims to secure regional assets from possible claims from other irresponsible parties. The most important thing about empowering and utilizing regional assets is in order to improve the standard of living and economic income of the community.

## III. RESEARCH METHODS

### A. Research Approach

The research carried out is a qualitative approach focusing on social and environmental issues related to the research location. This research also looks at it from a case study perspective which means the place or object in this study. So, later this research provides answers to the problems studied. (Abdussamad, 2021).

### B. Research Focus

The focus of the research being researched by researchers at this time is how the Government's Strategy in Empowering and Utilizing Regional Assets of the Riau Archipelago Province in the Financial Institutions and Regional Assets of the Riau Islands Province is able to increase and add new sources of regional revenue, especially from the regional tax and retribution sector as well as by other legal business.

### C. Data Collection Techniques

After understanding the meaning and process of data collection, then the various data collection techniques will be explained according to Lutfiyah (2017). To collect field data, the following techniques or methods are used:

➤ *Observation*

Observation technique means making observations and recording systematically about the symptoms that appear on the object of research. This observation is classified as the easiest data collection technique to do and is usually also widely used for survey statistics.

➤ *Interview*

This interview or interview technique was carried out face-to-face through question and answer between the researcher or data collector and the respondent or informant or data source. This technique was carried out with the leader and several staff of the Regional Finance and Assets Agency of the Riau Islands Provincial Government directly dealing with the report on the realization of the regional income and expenditure budget.

➤ *Documents*

The last data collection technique is a document to obtain data used Data collection techniques in the form of documentation techniques, namely collecting secondary data in the form of data on local government budget realization reports from 2018 to 2022 and also a number of cooperation contract documents between the Riau Islands Provincial Government and other parties. third, especially those related to the main tasks and responsibilities of the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province.

*D. Data Analysis Techniques*

The process of compiling data, both from the results of interviews with informants, data from findings at research locations, both written and unwritten, will be analyzed first with the following stages:

➤ *Data Reduction*

Performing data reduction is a process of simplifying, abstracting and creating raw data in a notebook and field documents, this stage is to select the data needed to solve the problem of the research object, namely the Government's Strategy in Empowerment and Utilization of Regional Assets at the Financial Management Agency and Regional Assets of the Riau Islands Province.

➤ *Data Display*

In making data easy to understand, the process of presenting data is a step for collecting data that has been simplified into files or documents. Presenting data also makes it easier for researchers to carry out the next steps to complete the research.

➤ *Conclusion Drawing*

Drawing conclusions is made when the research has been completed, but during research, drawing temporary conclusions is also necessary as a temporary submission when in the process the parties concerned question the results of the research, temporary conclusions will also continue to change when the final results have been found. (Moleong: 2018)

## IV. RESULTS AND DISCUSSION

### A. *Research Results*

Based on the results of interviews with the Head of the Regional Financial and Asset Management Agency (BPKAD) of the Riau Island Province, it can be identified the agency's strategy, which is outlined in a number of priority programs and strategic plans along with indicators of performance achievement achieved by Regional Financial and Asset Management Agency of the Riau Islands Province, specifically related to optimizing the utilization of regional assets under review from the Performance of the Implementation of Main Duties and Functions of BPKAD of the Riau Islands Province in the between year 2017-2020. Within this time span, several performance indicators have been set, as well as indicators contained in the BPKAD Strategic Plan (Renstra) for the Riau Islands Province for the year 2016-2021.

As for the service performance by the Regional Financial and Asset Management Agency of the Riau Islands Province, it can be seen from the performance indicators of goals, objectives and programs. From this, it can be seen that there are a total of 9 (nine) goals and 11 (eleven) target indicators that are included in the Regional Financial and Asset Management Agency on the Regional Financial Management Plan (Renstra) document for the 2016-2021 Riau Islands Province. Performance conditions in 2020 towards the final target of the Strategic Plan show that 8 (eight) have been achieved (72.73%) and 2 (two) will be achieved (27.27%). One of the targets that has been achieved is to increase the quality of regional asset management. This target has 2 (two) indicators, namely the number of movable and immovable regional assets or property equipped with proof of ownership legality and the number of immovable regional assets or property that is secured in the form of fences, stakes and nameplates in terms of the percentage has increased significantly.

Likewise, if you look at trends during the 2017-2020 year. Whereas, the achievement indicator for the number of assets or regional property of the Riau Archipelago Province, both movable and immovable equipped with proof of legality of ownership, although showing fluctuating developments, the percentage tends to increase until 2020. Likewise, if the 2020 achievements are compared to the target the end of the strategic plan, indicating that the indicators have reached the set targets. This is as summarized in Figure 1 below.

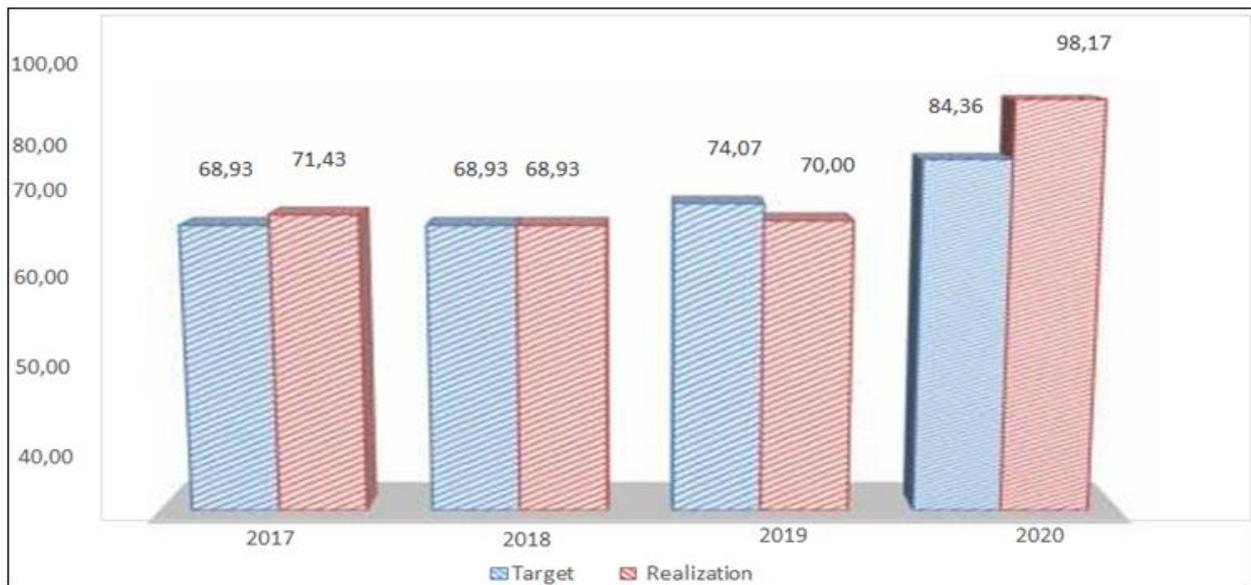


Fig 1 Regional Asset Percentage of Riau Islands Province Moving and not Moving which is Equipped with Proof of Ownership Legality  
Source: BPKAD of the Riau Islands Province 2022.

On the indicator of the percentage of assets or property owned by the Riau Islands Province that are not moving which are secured in the form of fences, stakes and nameplates, the performance results show fluctuating developments but tend to increase to 98.17% in 2020. If the 2020 achievements are compared to the final target strategic plan, shows the indicators will be able to achieve the targets set. This is as summarized in figure 2 below.

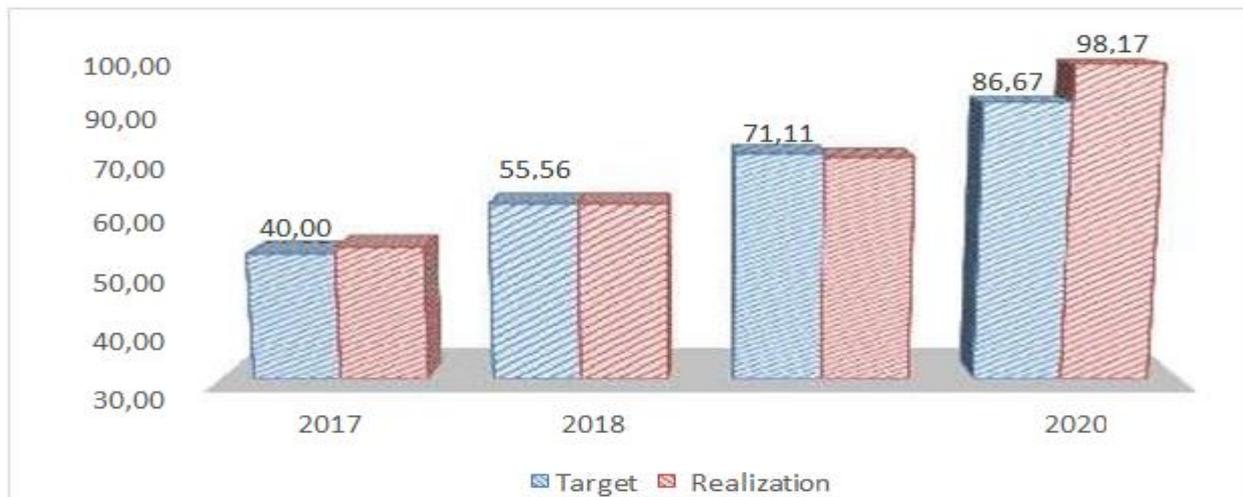


Figure 2 Percentage of Regional Assets of the Riau Islands Province that are not Moving with Security (Fences, Stakes and Nameplates)  
Source: BPKAD of the Riau Islands Province 2022.

**B. Discussion**

Before discussing further regarding the Government's Strategy in Empowering and Utilizing Regional Assets of the Riau Islands Provincial Government at the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province, the author first conveys the theory used in the research studied. Namely, the strategy theory put forward by Hayes & Wheelwright (2008) which classifies 5 (five) strategy criteria, namely: Time, Impact, Effort Focus, Decision Patterns, and Penetration Patterns. For this reason, the author will discuss what is being pursued by the Regional Financial and Asset Management

Agency of the Riau Islands Province as stated in the programs/activities related to the empowerment and utilization of regional assets that fall into the criteria of 5 (five) main characteristics of the strategy.

➤ *Time*

From the results of the interviews and also based on other supporting documents it is known that the Regional Financial and Asset Management Agency (BPKAD) of the Riau Archipelago Province has carried out various programs and activities that fall into the categories and criteria for this time. Namely: (1) Determining activity

programs/priorities as well as setting targets and realization of achievements in each producing regional apparatus organization (OPD). (2) Policy makers, in particular the top leadership, in this case the governor, have issued Governor Regulation (Pergub) Number 9 of the year 2020 concerning changes to user charges as a measure to rationalize tariff prices, because the old user fees are not in accordance with the times. In addition, the Regional Financial and Asset Management Agency (BPKAD) of the Riau Archipelago Province has also determined 4 (four) main topics to be used as strategic issues for the agency. One of the strategic issues places the problem of administrative procedures in managing regional assets that are not yet optimal, both in terms of effectiveness and efficiency in managing these regional assets.

Furthermore, the author also conducts a review of the Strategy Formulations that have been adopted by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province. It should be understood that, in this case, the formulation of the strategy is statements that explain how the goals and objectives will be achieved, which are further elaborated in a series of policies.

The strategy formulation is also a statement containing commitments from all regional apparatus organizations (OPD) in creating added value (value added) in their services. The strategies that have been used in order to achieve the targets of the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province are as follows:

- Creating a culture and professional work ethic through capacity building, governance, institutional facilities and infrastructure as well as the competency and professionalism of Human Resources apparatus.
- Improving the efficiency and effectiveness of budget utilization through improving the quality of budget planning, drafting and administration processes.
- Improving the quality of regional financial records through efficient governance of receipts, expenditures and reporting of regional financial balances.
- Optimizing the management and utilization of regional assets in an integrated manner through data collection, recording and regulation of asset utilization.

From this it can be seen that the ranks of the BPKAD of the Riau Islands Province have a strong desire to achieve the target, namely, optimizing the management and utilization of regional assets in an integrated manner through data collection, recording and regulation of asset utilization can be achieved.

#### ➤ *Impact*

One of the impacts resulting from the various programs and activities that have been prepared and implemented by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province is an increase in regional revenue, especially the

Regional Original Revenue (PAD) sector from year to year. This can be seen from the structure of the Riau Islands Province Regional Revenue and Expenditure Budget (APBD) from fiscal year 2019 to 2022.

To measure the impact, the author first examines a number of programs and indicators that have been achieved by the Regional Financial and Asset Management Agency of the Riau Islands Province, including:

- *Review of Performance Indicators*

According to the Law of the Republic of Indonesia (UU-RI) No. 25 of 2004 and Government Regulation (PP) Number 8 of 2008 it is explained that performance indicators are measuring tools to assess the success of development quantitatively and qualitatively. Meanwhile, according to the Audit Board of Finance and Development (BPKP: 2004), explains that a performance indicator is something that is used as a measuring tool for performance or what is achieved. In summary, performance indicators are quantitative and/or qualitative measures that describe the level of achievement of a set target or objective. Performance indicators must be something that will be calculated and measured and used as a basis for assessing or seeing the level of performance both in the planning stage (*ex-ante*), the implementation stage (*on-going*), and the stage after the activity is completed and functioning (*ex-post*). Performance indicators are key in the implementation of performance monitoring and evaluation, namely as a measure to assess the achievement of regional development performance.

Performance indicators for managing affairs are performance indicators that directly show the performance to be achieved by the Regional Financial and Asset Management Agency in the next five years as a commitment to support the achievement of the goals and objectives of the Riau Islands Province's Regional Medium Term Development Plan (RPJMD). The performance indicator targets for the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province which refer to the goals and objectives of the RPJMD will be measured in the evaluation of development performance. The achievement of the performance indicators contained will also be material in reporting the performance of the Regional Financial and Asset Management Agency of the Riau Islands Province for five years.

So that it needs to be guided by all relevant Regional Financial and Asset Management Agency apparatus. Performance indicators for the Implementation of Regional Government Affairs related to the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province which refer to the goals and objectives of the RPJMD can be seen in table 2 below.

Table 2 Referring to BPKAD Performance Indicators for Riau Islands Province on the Goals and Targets of the Riau Islands Province RPJMD for 2021-2026

No	Financial Report	BPK Opinion	2020	2021	2022	2023	2024	2025	2026	WTP
			WTP	WTP	WTP	WTP	WTP	WTP	WTP	
1	Regional Apparatus Organizations that submit timely and accurate annual financial reports	%	100	100	100	100	100	100	100	100
2	Total assets owned areas that have ownership documents	%	56,00	66,00	81,00	88,00	94,00	99,00	100	100
3	Level of Smoothness of Office Administration Services	%	100	100	100	100	100	100	100	100

Source: BPKAD Riau Islands Province 2022.

Judging from the table above, that in number 2 (two) regarding the percentage of total regional assets that have ownership documents which often become records and recommendations from the Supreme Audit Agency of the Republic of Indonesia (BPK-RI) is still relatively low despite experiencing an increasing trend. Namely, 56.00% in 2020, then increase to 66% in 2021, increase again to 81% in 2022. Meanwhile for the current year 2023 it is also projected to increase to 88%. The increase is targeted to reach 100% in 2026.

- *Review of the Realization of Regional Revenues*

From a year to year perspective, it turns out that the regional tax sector is still the prima donna. This can be seen from the structure of the Riau Islands Province Regional Revenue and Expenditure Budget (APBD) from 2018 to 2022. For example, the total regional revenue from the 2018 Regional Original Revenue (PAD) post was IDR 1,223,732,043,960.00. Of this total, the regional tax sector is the largest contributor, reaching IDR 1,063,247,043,960.00 or 86.88%, followed by other valid Regional Original Income receipts of IDR 83,930,000,000.00 or 6.85%. Whereas the regional retribution sector only contributed to the addition of ROR in the amount of IDR 73,405,000,000.00 or 5.99%, then the Separated Regional Wealth Management sector

contributed to regional original income (PAD) only in the amount of IDR 3,150,000,000.00 or only 0.25%. Likewise for the APBD posture of the Riau Islands Province in 2022, even though it has increased from the previous year, the total amount of Regional Original Revenue for the Riau Islands Province which was stipulated through Regional Regulation Number 8 of 2021 totals IDR 1,348,493,617,641.00. The biggest contributor is still fully dominated by the regional tax sector, which is IDR 1,150,224,138,161.00 or 83.05%. Meanwhile, contributions from regional assets that were separated were only IDR 9,150,000,000.00 or 0.67%.

In general, the APBD structure of the Riau Islands Province continues to experience a significant increase from year to year, with the local tax sector ranking first as the largest contributor to its PAD. Meanwhile, the regional retribution sector and the business results sector from separated regional wealth management are relatively small. In terms of quantity, the value tends to increase, but in terms of percentage, it actually decreases, sometimes it fluctuates. Meanwhile, this sector includes deposits from third parties for cooperation agreements or fees for business services by utilizing a number of regional assets or assets. For more details can be seen from table 3 below.

Table 3 Riau Islands Province RREB Structure for 2018-2022 (from Regional Original Revenue Sector)

Pos Penerimaan	Riau	Islands Province	RREB Structure		
Regional Original Revenue					
	2018	2019	2020	2021	2022
Regional tax	1.063.247.043.960	1.103235.739.592	1.149.938.350.464	981..727.516.200	1.150.224.138.161
Regional retribution	73.405.000.000	73.592.000.000	64.823.000.000	216.248.444.000	69.994.479.480
Separate regional wealth	3.150.000.000	11.667.900.000	8.000.000.000	53.150.000.000	9.150.000.000
Legitimate others	83.930.000.000	64.270.000.000	80.560.000.000	101.519.600.000	119.125.000.000
Total ROR	1.223.732.043.960	1.252.765.639.592	1.303.321.350.464	1.352.645.560.200	1.348.493.617.461

Source: BPKAD Riau Islands Province.

• *Review of Cooperation with Third Parties*

The existence of a pattern of cooperation with third parties has also added to the coffers of revenue from the regional treasury as follows:

- ✓ Cooperation Agreement Number: 120/2001.a/SET; Number: 434.B/PKS/BKP-TJP/VIII/2008 between the Provincial Government of the Riau Islands and PT Bank Bukopin Tbk Tanjungpinang Branch regarding Leasing and Stand Alone ATM Services of PT Bank Bukopin Tbk Tanjungpinang Branch in the Central Government of the Riau Islands Province, Dompak of Tanjungpinang City from the results of this agreement, the Government of the Riau Islands Province received an additional income of IDR 24,000,000.00 (twenty-four million) per year.
- ✓ Cooperation Agreement Number: PKS.474/LG.05/RI.04/VI/2020; Number: 06/PKS-Setda/Kepri/VI/2020 between the Government of the Riau Islands Province and PT Telekomunikasi Selular

regarding Leasing and Service of Regional Property within the Riau Islands Provincial Government for Installation and Placement of Cellular Telecommunication System Equipment and Supporting Equipment. From this agreement, the Riau Islands Provincial Government will receive an additional budget income of IDR 120,000,000.00 (one hundred twenty million) per year.

- ✓ Governor Regulation Number 9 of 2020 concerning Changes in Regional Retribution Rates for the Riau Archipelago Province. With this change in tariffs, regional revenues have also increased from the previous year. The interest in managing regional assets properly is the responsibility of the regional government, especially in the Riau Archipelago Province. This activity is not only related to the control aspect, but also relates to the overall administration, procurement, use, maintenance, supervision, elimination and transfer as well as coaching and so on.

Table 4 Realization of Regional Revenue from Business Type Retribution by UPT Empowerment and Asset Utilization

No	URAIAN	TARGET	REALIZAT ION	TARGET	REALIZAT ION	TARGET	REALIZATI ON
	TYPE OF BUSINESS RETRIBUTION						
		1	2	3	4	5	6
1	Tanjungpinang Hajj hostel	945,000,000	590,633,000	1,000,000,000	629,950,000	750,000,000	995,730,000
2	Room Rental (ATM) Display		24,000,000		22,680,000		21,000,000
3	Cell Tower Rentals		240,000,000	225,444,000		225,444,000	676,332,000
	<b>Total Amounts</b>	<b>945,000,000</b>	<b>854,633,000</b>	<b>1,225,444,000</b>	<b>652,630,000</b>	<b>975,444,000</b>	<b>1,693,062,000</b>

Source: UPT Empowerment and Utilization of Assets 2022.

From the table 4 above it is known that the realization of regional revenue from the business service retribution sector that is included in the receipt of Regional Original Revenue (PAD) has increased from year to year. Even though the 2021 target was not achieved, this is because it applies nationally due to the Covid-19 pandemic. Nevertheless for the next year, namely, in 2022 the realization of the return revenue exceeded the target set where the initial target was IDR 975,444,000.00. Meanwhile, the total revenue realization was IDR 1,693,062,000.00 or 57.61%.

➤ *Effort Focus*

Program strategies and activities pursued by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province which are included in the Effort Focus category include Rationalizing Retribution Tariffs.

This tariff rationalization policy began with the issuance of the Riau Archipelago Governor Regulation (Pergub) Number 9 of 2020 concerning Changes in Retribution Rates for the Use of Regional Assets which directly resulted in an increase in retribution rates in all regional apparatus organizations Riau Islands or in short the producing OPD also experienced changes with adjusted tariff values based on regional regulations.

This Pergub is used as the legal basis technically for the implementation of levy rate rationalization in the field. The impact of this rationalization of tariffs has an impact on increasing Regional Original Revenue (PAD) from the business service retribution sector.

Table 5 Tariff of Retribution for Use of Regional Assets at BPKAD of Riau Islands Province

No	Komoditi Jasa Usaha	Satuan	Tarif Rp)
1	<b>Hajj Hostel Room in Tanjungpinang</b>		
	<b>1. Hall</b>		
	<b>Hall capacity 600 people</b>	<b>Per Hour</b>	<b>650.000,00</b>
		<b>Per Day</b>	<b>3.000.000,00</b>
	<b>Hall capacity 200 people</b>	<b>Per Hour</b>	<b>300.000,00</b>
	<b>Hall capacity 30 orang</b>	<b>Per Hour</b>	<b>100.000,00</b>
	<b>2. Hostel</b>		
	<b>Room</b>	<b>Per Room/Night</b>	<b>180.000,00</b>
	<b>Extraded</b>	<b>Per unit/Night</b>	<b>60.000,00</b>

Source: BPKAD of Riau Islands Province 2022.

#### ➤ *Decision Patterns*

The programs/activities implemented by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province which are included in the strategy for the Decision Pattern category aiming to increase regional original revenue (PAD) for the utilization of regional asset wealth can be reviewed based on the results of a review of policy directions. Policy direction is a guideline that must be obeyed in taking action to implement the chosen strategy, so that it is more directed in achieving goals and objectives. The policies taken by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province in the framework of implementing the strategy are as follows.

- Improving the internal governance of regional apparatus organizations in the aspects of staffing, office facilities and infrastructure, financial management, as well as program control and evaluation of activities in an integrated manner supported by standard operating procedure (SOP).
- Improving the quality of preparation of regional financial documents
- Improving the quality of administration and governance of regional financial flows.
- Optimizing a series of regional asset management processes in an integrated manner related to the asset planning process, asset utilization management, and regional asset administration.

Linkage of goals, targets, strategies and medium-term policy directions of the Regional Financial and Asset Management Agency of the Riau Islands Province along with its performance indicators that have been presented above. From this it can also be summarized that the medium-term goals of BPKAD of the Riau Islands Province are related to the management of regional assets and wealth, namely the realization of financial accountability and asset management of the Riau Islands Provincial Government, while the targets to be achieved are, increasing the quality of structuring and managing regional assets, while the strategy what is built is optimizing regional asset management in an integrated manner through data collection, recording and measurement of asset utilization.

The policies that have been and will be pursued to achieve these goals and objectives are by carrying out activities to optimize a series of regional asset management in an integrated manner related to the process of asset planning, management of asset utilization and administration of regional assets. From this it is clear that based on the results of a study of the Objectives, Targets, Strategies and Medium-Term Policy Directions of the Regional Financial and Asset Management Agency of the Riau Islands Province, particularly regarding the Empowerment and Utilization of Regional Assets, there are efforts that are consistent and serious in handling local asset problem. This can be seen from the Goals, Targets, Strategies and Policies that have been and will be taken by the BPKAD of the Riau Islands Province by placing the program for optimizing the utilization of regional assets as the main and priority program.

#### ➤ *Penetration Pattern*

Furthermore, programs and activities pursued by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province which are included in the Seek Pattern strategy criteria in conjunction with the empowerment and utilization of regional assets are by holding Regional Property Management Programs/Activities, with 13 (thirteen) sub-activities , namely:

- Compilation of Price Standards;
- Compilation of Regional Property Standards and Regional Property Requirement Standards;
- Compilation of Plans for Needs of Regional Assets;
- Formulation of Regional Assets Management Policy;
- Administration of Regional Property;
- Inventory of Regional Property;
- Security of Regional Property;
- Valuation of Regional Property;
- Supervision and Control over the Management of Regional Assets;
- Optimization of Use, Utilization, Transfer, Destruction and Write-off of Regional Property;
- Reconciliation in the context of Compiling Regional Assets Reports;
- Compilation of Regional Assets Reports; And
- Fostering the Management of Regional Property of the Regency/City Government.

## V. CONCLUSIONS AND SUGGESTIONS

### A. Conclusion

After a lengthy review and analysis of the Government's Strategy in the Empowerment and Utilization of Regional Assets by the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province, the following conclusions can be drawn:

- Whereas the Regional Financial and Asset Management Agency of the Riau Islands Province has developed various strategies in managing regional assets by optimizing integrated regional asset management through data collection, recording and regulation of asset utilization. The real action taken as a policy direction is to optimize a series of integrated regional asset management processes related to the asset planning process, asset utilization management, and regional asset administration.
- Whereas the Regional Financial and Asset Management Agency (BPKAD) of the Riau Islands Province in exercising its authority in the asset sector is still facing a number of problems and obstacles. Namely, the accuracy of asset data for each Regional Apparatus Organization (OPD) and the certification of regional assets is not optimal. In addition, evidence of the legality of asset ownership and efforts to safeguard assets owned by the region are also not optimal yet.

### B. Suggestions

The author realizes that there are still many shortcomings in compiling this research on the Government's Strategy in the Empowerment and Utilization of Regional Assets of the Riau Islands Province. For the authors suggest that there be follow-up by conducting the same research at the same location with different theories and methods carried out in a wider span of time. So that the resulting data is also more authentic with a wealth of conclusions that are more accurate and precise.

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