

Implementation of Auctions of State-Owned Enterprise (BUMN)/Regional State-Owned Enterprise (BUMD) Assets in Indonesia

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Abstract

Auction is recognized as an agreement on the sale and purchase of goods through an open tender which is governed by the Civil Law and Common Law. Sale by auction is aimed at obtaining a price that is profitable to the owner of the goods. Auction is conducted based on the principles of transparency, competition, legal certainty, efficiency and accountability. Auctions for State-Owned Enterprise (BUMN)'s /Regional State-Owned Enterprise (BUMD)'s assets may be carried out in three ways, namely competitive tender, limited tender and direct appointment in accordance with the principles of transparency, accountability and efficiency. If neither the public tender nor the limited tender can be carried out, then the sale of BUMN's and BUMD's assets may be done by direct appointment, however it must be conducted in good faith and in a transparent and accountable manner.

Keywords: Auction, transparent and accountable, BUMN/BUMD.

I. Introduction

Sale by auction has been in existence for a very long time; as long as the existence of the law itself. Herodotus wrote that auctions have been in practice in Babylon starting from 500 BC, for the purpose of selling various types of commodities such as tobacco, fish, and securities. At that time, auctions were used for transferring assets from public to private/personal entitlement. Auction was even categorized as a worldwide phenomenon for more than two decades. (Vijay Krishna, 2002).

An Auction Agency governed by the law is aimed at fulfilling the community's needs. At least there are three goals that the law pursues by governing auctions, namely, *first*, to meet the objective of sale by auction; this first goal is heavily regulated, there are many laws and regulations enacted on this matter. *Second*, to fulfill or to implement the decision of a judiciary or dispute resolution body; this Second goal is mainly for the purpose of law enforcement. *Third*, to satisfy the needs of business sector in general, that is to enable producers or goods owners to sell their goods at auctions.

General auction mechanisms have been officially governed by the laws and regulations of Indonesia since 1908 with the effectiveness of *Vendu Reglement* (Regulation on Auctions, State Gazette 1908 Number 189) and *Vendu Instructie* (Instructions for Auctions, State Gazette. 1908 Number 190). Both regulations were enacted during the Dutch colonial period; however they are still in effect until now. The enforcement of *Vendu Reglement* and *Vendu Instructie* after the Independence of Indonesia is based on Article II of Transitional Provisions of the 1945 Constitution.

The Government of the Republic of Indonesia has issued various regulations as technical guidelines, namely in the form of Decree of the Ministry of Finance (*KepMenKeu*) of the Republic of Indonesia. Provisions for auctions, whether in the *Vendu Reglement* or in various implementing regulations issued by the Minister of Finance have not substantially governed sale by auction in a clear and detailed manner as an agreement. In terms of institution, the implementation of auctions in Indonesia under the *Vendu Reglement* is still dominated by the 1st Class Auctioneer of the State Auction Office, which is a government agency (Decree of the Minister of Finance Number: 304/KMK.01/2002 dated Juni 13, 2002).

The Government has granted a part of the authority to hold auctions to 2nd Class Auctioneers which come from private sector for selling certain types of goods, particularly for voluntary auctions. Authority of the private sector in the implementation of auctions shall be exercised by 2nd Class Auctioneers who come from certain groups of people and such is done through the establishment of private auction houses (The Government has issued Regulation of the Minister of Finance Number 47/KMK.01/1996 dated January 25, 1996). This affects the implementation of auctions which have not been previously available as a mechanism to sell goods.

Auction is a process of purchasing and selling goods or services which is done by offering such goods or services to bidders who are interested in such goods or service and therefore are willing to bid for the price of such goods or services against each other and at the end the auctioneer will sell the goods or services to the highest bidder or purchase the goods or services at the lowest price, as the case may be. In its implementation, as an agreement auction is subject to the clause as specified in the summary of auction results. The clauses in the summary of auction results are determined unilaterally by the Auction House, which clauses have binding legal force; the purchaser cannot change the clauses in the summary of auction results.

Therefore, the summary of auction results may be qualified as a standard agreement or standard contract as the substance is determined by one party only. Mariam Darus Badruzaman stated that standard agreement is an agreement the content of which is standardized in a form. In a standard agreement clauses of the agreement have been previously determined unilaterally by one party, namely the determining party for its having a bargaining position over the other party, whether in terms of economic status or knowledge and experience related to the object of the agreement; meanwhile the other party having a much weaker position, is not invited to discuss the terms and conditions of the agreement (Mariam Darus Badruzaman,1996).

All clauses in the summary of auction results come from the Auction House, so that the purchaser has less right to negotiate the clauses in the implementation of the auction. In Article 35 of *Vendu Reglement* it is mentioned that the Summary of Auction Results has a meaning equals to “Minutes of Bidding Results”. Such Minutes of Auction Results constitute the authenticity of the sale by auction. The minutes of auction results record all events occurred during the sale by auction (M. Yahya Harahap,1994).

A BUMN (State-Owned Enterprise) is a business entity whose capital, whether in part or in whole, is owned by the State. The capital of BUMN is derived from the assets of the State which are separated for equity participation in BUMN (Article 1 of Law No.19 of 2003 on the State-Owned Enterprise). Therefore, the development and management of the State assets which are separated are not based on the APBN (State Budget) system, but based on the principles of healthy corporation. The law governing BUMN is private law, however there is a certain part that is governed by the public law: the authority to appoint the company’s management is at the hand of the Minister.

According to the Law on BUMN, the State’s assets which have been separated from the APBN system and paid up as the capital of BUMN Persero are the property of BUMN as a juristic person (Article 1 point 10 in conjunction with Article 4 Paragraph (1) of Law on BUMN). BUMN as a company (juristic person) is independent and tough, such position is very strategic in the national economy and its development. The existence of BUMN is also subject to Law No. 40 of 2007 on Limited Liability Companies. Therefore, the assets of BUMN as juristic person do not constitute the State’s assets.

According to Article 1 paragraph (6) of Regulation of the Minister of Finance of the Republic of Indonesia (PerMenkeu R.I) No. 106 of 2013 Non-Execution (Voluntary) Auction is the auction of assets belonging to the State/private entity, person or juristic person/business entity, which is held voluntarily. The Non-Execution (Voluntary) Auction also includes auction of BUMN’s or BUMD’s (Regional State-Owned Enterprise) assets. This is confirmed in Article 51 paragraph (2) of Government Regulation Number 6 of 2006 on the Management of the State Property stating that the sale of goods belonging to the State/Region shall be made by auction, except in certain cases.

Eventhough auction is applicable for purchasing and selling goods and services, the Author only focuses on the auction held for the sale of goods belonging to individuals or Regional State-Owned Enterprise (BUMD) and auctions of BUMN or BUMD goods or assets which constitute the State goods. Therefore the discussion in this journal shall only be limited to such matter. The legal issues discussed in this journal are, **first**, objectives and principles of implementation of auctions in Indonesia; **second**, the implementation of auction of BUMN’s or BUMD’s goods (assets), which includes the procedure, principles and objectives.

II. Methodology

In order to have a comprehensive understanding of the legal phenomena or legal issues discussed in this paper, the Author uses normative legal research using two approaches, namely:

Statute Approach, which is implemented by studying relevant laws and regulations on the legal issues under review (Peter Mahmud Marzuki,2010). This research uses legal studies from applicable positive law regulations, that is the 1945 Constitution of the Republic of Indonesia, *Vendu Reglement* as stipulated by *Ordonantie* dated February 28, 1908, State Gazette (*Staatsblad*) 1908 Number 189 repeatedly and last amended by *Staatsblad* 1941 Number 3; Regulation of the Minister of Finance Number 93/PMK.06/2010, Regulation of the Minister of Finance Number 175/PMK.06/2010 as amended by Regulation of the Minister of Finance Number 159/PMK.06/2013, related to Regulation of the Minister of Finance Number 176/PMK.06/2010 as amended by Regulation of the Minister of Finance Number 160/PMK.06/2013 related to Regulation of the Minister of Finance Number 106/PMK.06/2013 on the Amendment to Regulation of the Minister of Finance Number 93/PMK.06/2010. Conceptual Approach, that is a legal study through juridical conceptual approach. The Conceptual Approach is an approach applied by considering the concepts related to the Auction process.

III. Discussions

1. Definitions, Legal Basis and Principles of Auction

The word “*Lelang*” (auction) is derived from a Dutch word, “*vendu*”, while in English it is called *auction*. In addition, another terminology derived from Dutch word, “*openbare verkooping*” which means “auction” or “sale in public” is also used. According to *Kamus Besar Bahasa Indonesia* (Indonesian Dictionary), *lelang*

(auction) means sale in the presence of many people (in which the bidding price shall increase up to a certain point: the highest price a bidder is willing to pay for the goods) which is led by an auctioneer, meanwhile “*melelang*” means sale by auction (Team for Preparation of Dictionary, Language Empowerment and Development Center, 1988). Further “*pelelangan*” according to the Indonesian Dictionary means sale by auction. *Pelelangan* is the process, method, and act to sale by auction.

Juridically, the terminology of auction as “the sale in public” is used in the regulation on auctions as contained in *Vendu Reglement* dated February 28, 1908 *Staatsblad* (State Gazette) 1908 Number 189, which has been effective since April 1, 1908. The provision of Article 1 of *Vendu Reglement* defines the “sale in public” as follows:

Sale in public (openbare verkopingen) means auction or sale of goods made in public with the bidding price becoming higher or lower or by submitting the price offered in a sealed envelope, or to the persons invited or previously informed about the auction or sale, or allowed to participate in bidding of price, accepts the price offered or submit the price in a sealed envelope.

Along with the development, the definition of auction can be found in Article 1 point 1 of Regulation of the Minister of Finance Number 93/PMK.06/2010 on the Guidelines for Implementation of Auctions as amended by Regulation of the Minister of Finance Number 106/PMK.06/2013, stating that:

Auction is the sale of goods which is open to public by bidding in writing and/or verbally, price of which tends to increase or decrease to obtain the highest or lowest price, started with Auction Invitation.

Based on the above description, it can be said that auction is a form of sale of goods which is made open to the public with the bidding price continuing to increase or decrease to obtain the highest or lowest price. Such bid is submitted verbally or in writing, which was previously initiated with auction invitation or sale of goods.

From the above description the elements of auction or sale in public can be identified, namely: (1) purchase and sale of goods made open to public, (2) bid submitted in writing and/or verbally to obtain the highest price, (3) auction invitation is announced on mass media (for example newspaper) and for a definite period prior to the auction date, and (4) the auction is held in the presence of an auctioneer or in the auction house. Those four elements must be present in the implementation of auction, whether auction of goods belonging to individuals or those belongs to private business entities and BUMNs.

Auction House has been available since the Dutch period by the issuance of *Vendu Reglement* contained in *Ordonantie* dated February 28, 1908 *Staatsblad* 1908 Number 189. Such regulation (*Vendu Reglement*) has been amended several times, and it was last amended by *Staatsblad* 1941 Number 3, which has come into force as of April 1, 1908. Up until now such Auction Regulation becomes the legal basis for the implementation of auctions or sale of collateral goods in public in Indonesia. Although the main legal bases are the products of colonial period, the implementing regulations are governed by the national products of law, whether in the form of government regulations or in the form of regulations or decrees of the minister of finance.

Among the articles contained in the said *Vendu Reglement*, there are 27 articles which are still actively applicable and 13 articles which are inactively applicable. Other than those articles, there are 9 articles of the *Vendu Reglement* that are annulled or revoked. *Vendu Reglement* is a regulation having the same level as the government regulation; however it is still valid as the highest basis of auction regulations until now. Therefore, it is not exaggerating if *Vendu Reglement* is called “the Auction Law”.

Vendu Reglement is applied to increase earnings from taxation on auction activities. Besides, in order to protect the interest of the Dutch officials who moved from *Hindia Belanda* (the Dutch colony covering the area of Indonesia at present) to sell their assets. The sale of goods by auction can give more profits to the goods owners (Dutch officials) than if it is directly sold to individuals. Moreover, if the purchaser knows that the sale is conducted because the concerned official is going to relocate, the highest price can be obtained which is profitable to the goods owner.

Normatively, in fact there is no such law and regulation that regulate the principle of auction, however if the clauses in the laws and regulations on auctions are carefully understood, the principles of auction can be found. Such principles of auction among others are transparency, competition, fairness, legal certainty, efficiency and accountability, that is:

Concerning types of auctions, by referring to *Vendu Reglement* as regulated by *Ordonantie* dated February 28, 1908 *Staatsblad* 1908 Number 189, which is repeatedly and last amended by *Staatsblad* 1941 Number 3, types of auctions comprise execution, compulsory non-execution auctions, and voluntary non-execution auctions. The execution auction shall apply to the goods under attachment derived from a criminal offense or seizure resulting from the default in civil case. The non-execution auction is applicable to the goods upon request of the goods owner to the auction organizer, conducted whether voluntarily or compulsorily under the laws and regulations (compulsory non-execution auction).

2. Auction Organizer

2.1. Auction Office or State Assets and Auction Service Office

a. State Asset and Auction Service Office (KPKNL).

One of auction organizers is the Auction Office, which is now called the State Assets and Auction Service Office (KPKNL) as a vertical institution of the Directorate General of State Assets (DJKN) or 2nd Class Auctioneer Office who has duties to provide services in the field of auction.

b. 2nd Class Auctioneer

2nd Class Auctioneer is a Private Auctioneer who is only authorized to conduct auction upon request of the Auction Agency, which is restricted to the implementation of Voluntary Non-Execution Auction, including but not limited to:

1. auction of BUMN/D's assets;
2. auction of property belonging to the bank under liquidation process, unless determined otherwise by the laws and regulations;
3. auction of goods belonging to foreign country representatives; and
4. auction of goods belonging to the private entity.

Concerning the domicile and office of the 2nd Class Auctioneer shall be stipulated further by Article 17 and Article 18 of Regulation of the Minister of Finance Number 175/PMK.06/2010 as amended by Regulation of the Minister of Finance Number 159/PMK.06/2013. According to the regulations, basically the 2nd Class Auctioneer has a domicile at the district or municipality within his or her occupational territory.

A 2nd Class Auctioneer only has one office. In the event that the 2nd Class Auctioneer appointed is a Notary, he or she may have a domicile at his or her Notary office. The office of the 2nd Class Auctioneer as mentioned above must be located at the place of domicile of the 2nd Class Auctioneer, provided that one office may only consist of one 2nd Class Auctioneer. The said office is called 2nd Class Auctioneer Office which is a private office where the 2nd Class Auctioneer is domiciled (Rachmadi Usman,2016).

2.2. Auction Agency.

a. Legal Basis, Establishment and History of Auction Office Development

In 1964 the implementation of state's asset auctions at government institutions that could not be managed by a state auction office may be managed by an auction commissioner. The auction commissioner is not expressly regulated in either *Vendu Reglement* or *Vendu Instructie*, but only explicitly regulated in Article 76 of the Commercial Code (*Kitab Undang-undang Hukum Dagang/KUH Dagang*).

This commissioner is different from the seller's and buyer's commissioner, as an auction commissioner may indirectly appear. The auction commissioner is a person or entity that is granted authority to sell or purchase at auctions. The appointment of the auction commissioner was conducted because the public has not really been familiar with auctions and the procedure for the sale by auction. The auction commissioner, which was only recognized as the authorizer for the sale of goods by auction, has shown a progress development (Wahyu Hidayat dan Royani,2012). In its development the auction commissioner (*komisioner lelang*) has changed the name to *Balai Lelang* (Auction Agency). The Auction Agency was managed by a private entity and domiciled at certain big cities in Indonesia. However, during its development the Auction Agency was dismissed or dissolved by the Minister of Finance under Letter of Decision Number D.15/D.1/16-2 dated May 2, 1972, with the consideration that "under Presidential Instruction Number 9 of 1970, transfer of goods owned by or in the possession of the state must be conducted before the Auctioneer in accordance with the law" and "auctions shall be held and completed by the state auction offices and 2nd class auction offices."

Besides, based on the administration record of the Sub-directorate of Auctions, until around 1978, there were still many outstanding payments to Auction Agency that had not been settled. Such dismissal did not automatically limit the freedom of the Auction Agency to continue the trade as an ordinary Auction Agency by adhering to the provisions of *Vendu Reglement*.

The Government through Decree of the Minister of Finance Number 47/KMK.01/1996 dated January 25, 1996 and Decision of the Head of the State Receivables and Auction Agency (BUPLN) Number 1/PN/1996, deregulated auctions. By such deregulation, the Government has opened the new business opportunity for the business sector to establish Auction Agencies in order to organize sales by auction in a professional manner.

b. Working Territory and Activities of Auction Agency

In performing their duties in accordance with Article 14 of Regulation of the Minister of Finance Number 176/PMK.06/2010 as amended by Regulation of the Minister of Finance Number 160/PMK.06/2013, the Auction Agency shall have a working territory covering all over Indonesia. Business activities of the Auction Agency include pre-auction service and post-auction service activities for all types of auctions. An Auction Agency as the proxy of the goods owner may act as the auction applicant or seller only for Voluntary Non-Execution Auctions.

c. Rights of Auction Agency

Auction Agency has the rights in the implementation of auction as governed by Article 22 of Regulation of the Minister of Finance Number 176/PMK.06/2010 as amended by Regulation of the Minister of Finance Number 160/PMK.06/2013.

3. Auction Procedures

Concerning procedures for auctions, in Article 11 of Regulation of the Minister of Finance Number 93/PMK.06/2010 it is stipulated that:

- 1) The Seller/Goods Owner who intends to sell goods by auction through the Auction Agency or 2nd Class Auctioneer Office must submit an application for Auction in writing to the Head of Auction Agency/2nd Class Auctioneer, accompanied by documents required for auction according to the type of auction;
- 2) In the event that the legality of the subject and object of the auction has been fulfilled and the Goods Owner has granted authority to the Auction Agency to sell by auction, the Head of the Auction Agency issues an application letter for auction to the Head of KPKNL/2nd Class Auctioneer requesting the schedule for conducting the auction.

Further in Article 12 of Regulation of the Minister of Finance Number 93/PMK.06/2010 it is stated that the Head of KPKNL/2nd Class Auctioneer may not reject any application for auctions submitted to him/her to the extent that such required documents have been completed and have complied with legality of the subject and object of the auction.

The procedure that must be followed during the implementation of an auction is as follows:

- a. The application for auction must be submitted by the prospective participant.
- b. The announcement for auction must be issued by the auctioneer who will conduct the auction.
- c. The auction participant must comply with the requirements as set by the auctioneer.
- d. Prior to the implementation of the auction, the auctioneer shall be obliged to inform the condition of the goods to be sold by auction.
- e. During the auction, the auction winner who has complied with the requirements will be appointed as the auction winner, decision on which may not be contested.
- f. For evidence of the purchase of goods at the auction, after the auction participant has complied with any and all requirements the auctioneer must provide evidence of payment for the auction price.
- g. The summary of auction results is an authentic deed in which transfer of rights over goods purchased at the auction takes place.
- h. The price limit at the auction is determined by the appraiser team appointed by the auctioneer.
- i. The price limit at the auction of BUMN Persero's assets must be determined in accordance with Regulation of the Minister of BUMN Number PER-02/MBU/2010 on the Procedure for the Write-Off and Transfer of BUMN Fixed Assets.

4. Land Auction

The sale of land by auction shall be held by complying with the laws and regulations on land matters. The auction must be held by adhering to Regulation of the Minister of Agrarian Affairs/Head of BPN (National Land Agency) Number 3 of 1997 on the Implementing Rules of Government Regulation Number 24 of 1997 on Land Registration. In Article 107 of Regulation of the Minister of Agrarian Affairs Number No. 3 of 1997 it is stated that transfer of rights through an auction shall be made upon request of the Head of Auction Office. Further, the Head of Land Office provides information concerning land to be sold by auction by issuing a Land Registration Certificate (SKPT) no later than five (5) working days after the receipt of the application for auction from the Head of Auction Office.

Such Land Registration Certificate contains information about physical and juridical data of the land listed in the land register of the Land Office. In the event that the physical and juridical data of the concerned land have not been recorded in the Land Office, in the Land Registration Certificate it is necessary to be mentioned that the land has not been registered. For issuance of the *SKPT* (Land Registration Certificate) as mentioned above, land investigation is not necessary to be performed unless the land has not been registered.

The decision on whether the auction will be continued or not by the Head of Auction Office shall be made after the data of the land to be sold by auction has been obtained through the *SKPT*.

The land auction may be held for the land derived from the seizure due to criminal offenses, and the land owned by BUMN or BUMD to be transferred to the third party. Besides, the land auction may also be addressed to the seized land which is derived from collateral or security for the credit provided by the bank or an individual. The auction of the land as security for payment of the debt shall be conducted based on certificate of security interest on real property (*Hak Tanggungan*) upon request of the creditor as the holder of the security interest.

The auction of the land as the object of the security interest shall be held after obtaining approval (*fiat executie*) from the Chairperson of the local District Court in accordance with Article 224 of H.I.R. Besides, the auction of the land as the object of security may also be held immediately (*parate executie*) based on the rights provided by the debtor to the creditor as stipulated in the agreement on the provision of security in the Deed of Provision of Security Interest. The land auction is held at the Auction Office or Auction Agency based on the methods and procedures applicable for the implementation of auction in accordance with the prevailing laws and regulations.

5. BUMN/ BUMD Asset Auction.

Sale by auction may also be held for goods belonging to BUMN/BUMD in the form of a Persero (Limited Liability Company) and for auction of goods belonging to the bank in liquidation unless specified otherwise by the laws and regulations. Auction may also be held for goods belonging to Foreign Representatives. The sale by auction for BUMN Persero's assets is included in the category of Voluntary Non-Execution Auction, which means non-compulsory. Therefore, the goods owner may select a common sale model.

In Regulation of the State Minister of State-Owned Enterprise Number PER-02/MBU/2010 on the Procedure for Write-Off and Transfer of BUMN's Assets, it is stated that in principle the sale of BUMN Persero's assets must be made through a public offering, which means that it must be held by auction. It means the sale of BUMN and BUMD assets must be made through an open auction. Such provision is to ensure transparency and accountability of the public in the sale of state-owned goods to avoid distortion in the sale of such state's property.

The sale of state-owned goods by auction may also be made for fixed assets. Fixed assets means tangible assets used for the operation of the BUMN which are not intended to be sold for normal operation of the company and has a period of benefit longer than one year. The auction for BUMN's or BUMD's assets must be conducted after the period of benefit on such goods has been achieved. It means the fixed assets may not be sold to the public as long as it still provides benefit to the State.

An example of a fixed asset is official residence. Official Residence is BUMN owned houses determined to be used by BUMN employees as legal occupants. In Article 19 of regulation of the State Minister of BUMN Number PER-02/MBU/2010 on the Procedure for the Write-Off and Transfer of BUMN's Fixed Assets it is stated that Official Residence basically may not be transferred, except in certain circumstances, that is (1) it can no longer be used, (2) not prospective anymore to generate profit; (3) intended to be used for Public Interest in accordance with the prevailing laws and regulations.

Further, it is described in Article 20 that Official Residence shall be first offered to the existing Legal Occupant. No later than thirty (30) days after the offer, the Legal Occupant shall be obliged to declare whether he or she is interested in buying the Official Residence or not. If within the specified period the Legal Occupant has not given any response, he or she is deemed not interested in purchasing the said Official Residence. However, if the Legal Occupant has declared his or her interest in buying the Official Residence, within a period of no later than thirty (30) days, the Legal Occupant must submit application for purchasing the Official Residence to BUMN.

The procedure for the sale of BUMN's fixed assets shall be made in three (3) stages as follows:

- a. Open Tender, which is openly offered to the public and/or juristic persons as prospective buyers; however, if after it is offered twice but unsuccessful, which means no party submits the bid, the following action shall be taken;
- b. Limited Tender, which is intended for public interest, shall have at least two (2) prospective buyers; however, if the limited tender has been carried out twice but unsuccessful, the following action shall be taken;
- c. Direct Appointment to one prospective buyer.

Although the Direct Appointment method is permitted, in order to maintain accountability and avoid risks of debatable issues, the sale of BUMN's or BUMD's assets through direct appointment shall be based on a careful consideration. Besides, the direct appointment shall be made transparently and accountably, instead of only based on higher or lower price but neglecting other more important factors. Additionally, direct appointment made for the reason of formality should be avoided. Instead it should be made in good faith.

BUMN's or BUMD's asset auctions held by the Auction Office shall follow the procedure generally

applicable for the implementation of auctions in accordance with the prevailing laws and regulations. The purchaser at the auction shall be determined in the summary of auction results issued by the Auctioneer. Based on such summary change of title of the assets shall be made from the owner of the goods to the purchaser at auction. The transfer of such rights or change of title over the auction object in the form of land shall be made according to the applicable procedures under the prevailing regulations on land registration.

IV. Conclusion

Based on the description in the previous chapters, with regard to the sale by auction it could be concluded that:

1. Auction is a method for selling or purchasing of goods made open to the public with the bid price tends to increase or decrease in order to achieve the highest or lowest price, as the case may be. The bid price shall be submitted in writing or verbally, after the invitation to bid or announcement of the sale of goods by auction. The objective of auction is to obtain the most profitable price for the goods owner. Auction shall be held based on the principles of openness, competition, fairness, legal certainty, efficiency and accountability.
2. BUMN's and BUMD's asset auction may be done in three ways, that is open tender, limited tender or direct appointment. The same thing applies to the auction of goods owned by individuals or private enterprises. The auction shall be held based on the principles of transparency, accountability and efficiency. If the methods of open tender and limited tender are not successful, the sale of BUMN's and BUMD's assets may be made by direct appointment. However, the principles of transparency and accountability shall be maintained; furthermore, it shall be held in good faith.

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