PUBLIC-PRIVATE PARTNERSHIPS BASED PUBLIC SERVICES IN THE CITY OF MAKASSAR (Case Study of Karebosi Field)

By

AMRIL, S.AP, MPA

I. INTRODUCTION

This research discusses the public-private partnerships in Makassar city. The relationship between the government and private partnership (PPP) has emerged as one of the most important roles that close to the government model in order to avoid infrastructure gap. Basicly, the partnership is an ideal form in the role of community participation in development. Partnerships based on relationships between actors, which is focused on the business that has mutual benefit and ties to mutual support and mutual benefit, and also mutual support based on the principles of equality and togetherness.

Partnership requires a strong understanding upon the rights and responsibilities and the role of each actor, whether the perpetrator of the government itself or from a private party. Where the government sector as a constituent of regulation and has the assets to serve as a powerful economic area. Then the private sector that has the capital and professional resources in building and managing assets that not optimal becomes more leverage for the public interest.

The government of Makassar in carrying out the planned development has decided to have partnership with the private sector. This collaboration is expected to optimize the local can be managed optimally. One of the efforts

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1 Dosen Luar Biasa pada Jurusan Ilmu Administrasi Fakultas Ilmu Sosial dan Ilmu Politik Universitas Hasanuddin
undertaken by the Government of Makassar is reviving the square of Makassar (Karebosi) in order to have economic value. Therefore, the Government of Makassar has decided to cooperate with the private sector, PT Lestari Permai Tosan. The partnership program was conducted in order to revitalize the Karebosi field as an icon of Makassar. The Government of Makassar city try to rehabilitate the Karebosi field that has a value in increasing its benefit. This revitalization activity is to accommodate the high demand for public space among the community can also be a space of economic activity for the community. Whereby investment of the revitalization program is require enormous resources, both financial, human resources and information technology. But the Government of Makassar City does not have adequate resources to fix the Karebosi area. With all of their limitation, the government invites the private sector to participate in improving Karebosi Field.

Based on the description above, the research question is formulated as follow, "How the partnership between government and the private sector is has an influence in improving the quality of public services?" Later developed in the research question is "How is the partnership between the government and the private sector in the wake?" And "What are the implications of public-private partnership on the quality of public services?"

II. THEORETICAL REVIEW

A. Definition of Public Private Partnership (PPP)

The most common understanding of public-private partnership according to the Encyclopedia Britannica is the union (association) voluntary two or more persons for the purpose of profit, or share the work and profits of a company. Then Garvin (in Shingore, 2009:5) also provides a general definition, "public
private partnerships are long-term contractual agreements the between the public and private sectors where mutual benefits are derived”. Furthermore also mentioned Gulati and Gargiulo (in Kingsley and O’Neil: 2004) which defines public private partnership as follows:

“We define public-private partnerships as voluntary arrangements between organizations from different sectors, anchored by agreements, to promote the exchange, sharing, or co-development of products or programs”.

From the definition above, it is can be explained that the public private partnership as an agreement between the organizations of various sectors based on voluntary agreements. In addition to general terms about the public-private partnership that has been mentioned, there are also some experts define a public private partnership under the partnership context is applied. More detailed definitions of public-private partnership can be explained in several ways, which is:

For the context of public service provision, the definition of public private partnership according to Grimsey and Lewis (2004: 2) is mentioned below:

“….PPPs can be defined as arrangements where by private parties participate in, or provide support for, the provision of infrastructure, and a PPP project results in a contract for a private entity to deliver public infrastructure-based services”.

Kemudian dalam konteks yang sama, The National Council for Public Private Partnerships juga mendefinisikan public private partnership sebagai berikut:

“A Public-Private Partnership (PPP) is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility”.

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Later in the same context, the Organisation for Economic Co-Operation and Development (OECD) (2010:18) is also defines public private partnership as follows:

“...a public-private partnership as : an agreement between the government and one or more private partners (which may include the operators and the financiers) according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners.”

After outlining some of the definitions of public-private partnership, the author can conclude that the public private partnership or a government-private partnership is a form of cooperation whose position is equivalent between the two parties, both government and private sector who bind themselves to establishing mutually beneficial in order to improve public services.

B. Benefits of Public Private Partnership

The benefits of government partnership with the private sector according to Deloitte Reseach Study (2006:1) is mentioned as follow: First, public-private partnerships allow the costs of the investment to be spread over the lifetime of the asset and thus can allow infrastructure projects to be brought forward by years compared with the pay-as-you-go financing typical of many infrastructure projects. Second, PPPs have a solid track record of on-time, on-budget delivery. Third, PPPs transfer certain risks to the private sector and provides incentives for assets to be properly maintained. Fourth, public-private partnerships can lower the cost of infrastructure by reducing both construction costs and overall lifecycle costs. Fifth, because satisfaction metrics can be built into the contract, PPPs encourage a strong customer service orientation.

C. Public Private Partnership Model
There are some of the most common models of public private partnership (Deloitte Research Study 2006:5; Grimsey and Lewis 2004: 10-12), they are:

1. Design-Build (DB) or Build-Transfer (BT).
2. Design-Build-Maintain (DBM).
3. Design-Build-Operate (DBO) or Build-Transfer-Operate (BTO).
4. Design-Build-Operate-Maintain (DBOM) or Build-Operate-Transfer (BOT).
5. Build-Own-Operate-Transfer (BOOT)
6. Build-Own-Operate (BOO)
7. Design-Build-Finance-Operate/Maintain (DBFO, DBFM or DBFO/M)
8. Service Contract
9. Management Contract
10. Lease
11. Divestiture

From the theoretical concepts that have been described, the framework of this study can be described as follow:
III. RESEARCH METHODE

The type of research that has been used in this study is descriptive study with qualitative research methods with emphasizing on case study research. In this case study researcher will try to describe the whole partnership process between the Government of Makassar city with private parties, namely PT Lestari Permai Tosan in revitalizing the Karebosi field. The research was conducted in the city of Makassar, especially on the Field Karebosi. This location is the place where the partnership between the Government of Makassar with Tosan Permai PT Lestari is implemented.

In this study, the types of data collected are primary data and secondary data. Information obtained by directly interviewing the parties who involved or associated with a cooperative partnership between the Government of Makassar with Tosan Permai PT Lestari. Primary data collection is done by indept interview. Interview method is performed using an interview guide that had been prepared but the possible existence of variations of questions tailored to the situation at the time of the interview. While the secondary data is collected from reports that have been made in the partnership between the Government of Makassar with the PT Tosan Permai Lestari, which supports the theory of literature and various other media.

IV. REVIEW OF RESEARCH AREAS

A. Description of Makassar City Region
The city of Makassar is the fourth largest city in Indonesia and the largest in Eastern Indonesia has vast areas of 175.77 km² with a population of 2009 there were 1,272,349 people consisting of 610,270 men and 662,079 women. As a service center in eastern Indonesia, Makassar role as a center of trade and services, the center of industrial activity, the central government activities, the knot of goods and passenger transportation services whether by land, sea or air and a center of education and health services. Makassar city has a strategic position because it is located at the intersection of the traffic lane from the south and north in the provinces of South Sulawesi, from the western region to region of eastern Indonesia and northern regions to the southern region of Indonesia.

B. Description of Karebosi Field

Karebosi field is located at the New Village, District Ujung Pandang Makassar with a broad size 100 190 m. Formerly this field is the gathering place of the kings in the ancient times to perform ceremonies or rituals customs and beliefs. But today Karebosi Field has double benefits, for example, to the great days of ceremonies and religious national holiday, where he did various events (exhibitions, games / entertainment, etc.), where the sports (football, volli, takraw, jogging, rock climbing, tennis court, chess), where street vendors sell. Field Karebosi is also the zero point or node at the center of Makassar and also the start and end points in all directions and goals in the areas of Makassar city.

V. RESEARCH RESULTS

A. Partnership Process Between The Government of Makassar With PT Lestari Permai Tosan

1. The Partnership Background Between the Government of Makassar With PT Lestari Permai Tosan
Each year Karebosi field is submerged up to 30 cm and made Field Karebosi like lake in the middle of town. If that happens, Karebosi field cannot be used by the public as usual. Karebosi position lower than the existing streets surrounding the field causing stagnant water. This causes the Karebosi Field no longer serve as catchment areas but the water bin. In contrast the impact of drought is very arid and dusty, resulting in the Field Karebosi not function as a green open space and make the activities of people become unhealthy. At night the atmosphere became uncomfortable, uneven illumination, causing the rate of crime and other social phenomena tend to evolve in the region. Social phenomenon is the existence of transvestites (male female) who makes the public space is becoming more uncomfortable because they often make the field as a transvestite prostitution.

Apart from to the problems that have been mentioned above, another problem which is also one important point of planning revamping of Karebosi Field is the presence of unilateral pengkaplingan of actors who have power and interest in the Karebosi Field so that public access be limited for the move. It's no secret that residents of the town of Makassar’s Karebosi Field had been dominated by certain parties.

2. **Mechanism of Makassar City Government Partnership with PT Lestari Permai Tosan**

   In this partnership mechanism through several phases, they are:

   a. **Pholling Phase**

      The Government of Makassar City conducted a poll through the mass media by involving the community in order to accommodate the aspirations of the citizens of Makassar on the condition Karebosi Field.
The results of the poll is that people want done revamping or restructuring Karebosi Field.

b. *Set Design Competition of Karebosi Field Phase*

After going through the phases of the polls, the Government of Makassar invites all levels of society to provide input in the form of a suitable design ideas in structuring Karebosi Field. This activity is realized through the stages of design competition Karebosi Field arrangement. The contest results were evaluated with the involvement of professionals and academics so that the selected design colleges that are considered most worthy of all aspects, including environmental aspects. Finally, the design drawing contest for revamping Field Karebosi won by PT Lintas Notices Design (PT.LCD) which use the land under the land area of ??2.9 ha on the north side Karebosi 85% as a parking lot and 15% as a place of economic activity.

c. *Auction Tender for the Revitalization Karebosi Field Phase*

Based on the results of the winners design contest for Karebosi Field, Makassar Municipal Government began to count the cost of the budget arrangement required in conducting the field. After calculating the costs required to fix the public areas of the city of Makassar, it appeared that the government requires a very large cost. While the budget is not sufficient to finance as a whole. Therefore, the government offered to investors who are interested to invest. To realize this, the
Government of Makassar cast a tender process is open to the public through the mass media, both locally and nationally.

From the bidding process, there is a new one (1) private parties who are interested to invest on structuring karebosi field. Until the auction bidding deadline has been no addition of prospective investors. So that was held re-tender 2 (second) by the Government of Makassar in the hope there is additional potential investors. But until the end of the auction bidding 3 (three), potential investors have not increased. Finally, the Government of Makassar make the decision of the tender to be appointed directly to investors who signed up to invest in structuring Karebosi Field. Direct appointment was marked by the publication of Decree No. 686/Kep/050/2007 Makassar Mayor dated August 7, 2007 on the Determination of PT Lestari Permai Tosan as Tender winner Karebosi Field Revitalization of Makassar.

d. The Implementation of Revitalization upon Karebosi Field Phase

The implementation of partnership by the Government of Makassar with PT Lestari Permai Tosan marked by the publication of the agreement document number: 426.23/057/S.PERJA/Ekbang/VII/2008 and Number: 033b/TPL/VII/2007. In the implementation of this partnership begins with the preparatory work of conducting the identification of the types of facilities and infrastructure which must first be implemented immediately. This relates closely to the priorities of the most fulfilling type of services needed by society, as it also adapted to the availability of land, funds, functions and Spatial Planning of Makassar.
As the compensation for investment structuring Karebosi Field then beneath the surface of the field will be used as parking lots and transit terminals, and commercial areas for shopping centers. Broad Field Karebosi to be used as parking lots and transit terminals, and commercial area of ??4.3 ha of extensive field Karebosi total amount of ± 12 Ha. Land area of ??4.3 hectares consisting of the basement of 2.9 hectares and the rest is space above the soil surface. Comparison between public utilities with commercial acreage is 60%: 40%. A land area of 2.9 ha will be dug, and soil galiannya results will be used to hoard other parts of the field so that its surface is above the surrounding surface streets. Basement of 2.9 Ha above the surface to still be functioning as a public space that used to stage the ceremony, gymnastics area, skateboard, helipad, tennis softball, soccer field, indoor soccer field, basketball court, tennis court, playground and pedestrian path.

But in the process of structuring Field Karebosi not running smoothly. The project is getting some very serious obstacles. Constraints faced in the implementation of the arrangement of the field is related to the assumption that most people karebosi field arrangement can damage the environment, pollute the environment and do not have a review of environmental impact assessment (AMDAL) is feasible. In addition, Field Karebosi there are also historical sites the city of Makassar. So that people's fears that the site contained in the middle of the field karebosi will be lost. The reason some people that have made the revitalization of the field karebosi public area into a commercial area
or private area. So at the implementation stage of development revitalization Field Karebosi faced resistance from the community who would refuse such development projects. Another outstanding issue at that time, the deal-political deal between the Mayor of Makassar (Iham Arif Sirajuddin) with the owner of PT Lestari Permai Tosan (Hasan Basri). Where the owner of PT Tosan will finance the election campaign the Mayor in welcoming Mayor of Makassar in 2008 and in return pass the Karebosi Field mega development projects.

3. **The Partnership Model/Form that have been Implimented**

Models in cooperative agreement between the Government of Makassar with PT Lestari Tosan Permai is *Build Operate Transfer* (BOT) which takes place within a period of 30 years. Application of this model is based on Government Regulation Number 6 Year 2006 regarding the management of state property / area. The regulation is a guideline in BOT agreements as explained that the forms pemanafaatan state property / area in the form of (a) lease, (b) Loan and Use, (c) Utilization Cooperation, (d) *Build-Own-Operate*

Perjanjian *Build Operate Transfer* (BOT) pada prinsipnya merupakan perjanjian pembiayaan, yaitu perjanjian antara dua pihak atau lebih, dimana pihak yang satu menyerahkan penggunaan tanah miliknya untuk diatasnya didirikan suatu bangunan komersial oleh pihak kedua yang didalam hal ini bertindak sebagai investor dan pihak kedua tersebut berhak mengoperasikan atau mengelola bangunan komersial untuk jangka waktu tertentu dengan memberikan *fee* atau tanpa *fee* kepada pemilik tanah, dan pihak kedua wajib mengembalikan tanah berikut bangunan komersial diatasnya dalam keadaan
dapat dan siap dioperasikan kepada pemilik tanah setelah jangka waktu operasional berakhir.

*Build Operate Transfer* Model (BOT) becomes choice in the construction of Karebosi field. This is done due to the financial ability derived from the regional city of Makassar is very limited, whereas development in other sectors also received the same attention to people's welfare. Under these conditions, then the efforts of the Government of Makassar to find alternative financing by way of a partnership between the Government entered into a collaboration with the private sector.

**B. Implications of Partnership upon Public Services Quality Partnership**

1. **Physical Aspect**

The results of partnership on the revitalization of Karebosi field Makassar has implications for Karebosi physical appearance. From tracing through observation, face Karebosi Field has revealed a very different change than ever before. Field Karebosi face changed completely and became more colorful so as to offset the existing development in the surrounding office buildings, malls, and hotels. Public space is re-stretched after the improvement of public facilities in the area Karebosi.

These physical changes influence the function of Karebosi as a public for the community in Makassar. The first function is to sports facilities and infrastructure facilities and the second function is for the trade area. Trading activity occupies a quarter of the whole vast area of ± 4.3 ha, then subdivided into two areas of the facility. First of 2.58 ha (60%) is designated as an area of social facilities (parking area). While the vast area of 1.72 ha (40%) serves as the commercial areas (malls) which is under the surface of the Karebosi Field. The
area is designated to support of the main functions karebosi namely as a public space for the city of Makassar and its surrounding communities.

Post revitalization of Karebosi Field, then the physical effects that appear in the area that is visible above the existing ground surface parking lots, onstage ceremony, softball field, gymnastics area, skateboard, helipad, indoor soccer field, soccer field, basketball court, tennis court, playground, pedestrian pathways (pedestrian), and the court and the court sudirman banyan. While that is under the surface of the ground (underground) there is a parking lot, mall, food court, and the stalls and the tunnel to connect between the Mall Karebosi Link and Mall Trade Center (MTC).

2. Social Aspect

The partnership between the Government of Makassar with PT Lestari Permai Tosan has given social impact that is wide enough for the citizens of Makassar. Real impact on the community is opening the field of business and jobs to help reduce unemployment in the city of Makassar and a large selection of business and the jobs available at the kiosk in the mall below the surface of the Karebosi Field.

Another impact of the Karebosi Field revitalization is the use of the field is set by the Government of Makassar. Thus, in field use or permit must go through the procedures established by the manager Karebosi field together with the government of Makassar. The purpose of the permit so that no more domination and conflict groups in utilizing these public areas. But the permit application is reserved for those who want to use either field a football field, indoor soccer, skateboard area, and the softball field. Meanwhile, for those who just jog does not have to ask permission to the manager and the government.
3. **Economic Aspect**

From the results of field karebosi current arrangement can already be felt directly by the parties that involved in structuring the Karebosi Field include Makassar city government, the private sector and communities. For the Government of Makassar with the completion of the construction of Field Karebosi contributes economically. A mall and parking areas can provide cash income for the area. Government of Makassar received contributions amounting to Rp. 531,379,715.32 as stated in the letter agreement. However, this agreement covenant changes (amendments) will be undertaken by both parties with a number of cooperation agreements: 426.23/057/S.PERJA/Ekbang/VII/2008 and Number: 033b/TPL/VII/2007, between the Government of Makassar Lestari and PT Tosan Permai about Serah In Order To Revitalize the Karebosi Field, dated July 11, 2008. The content of the change in the agreement stating that the Government of Makassar with PT Lestari Permai Tosan agreed to revise the contents of the agreement after receiving advice from the Supreme Audit Agency (BPK) and Supervisory Agency and Financial Development (BPPK). So there are several articles that have revisions, particularly the amount of the contribution received by the Government of Makassar had a very significant change. Original scale value of Rp. 531,379,715.32 to Rp. 6,441,264,387.18 which will be paid for 30 years. While the total value of assets or the value of the field's investment of Rp. 58,794,538,815.00. The following fixed contribution amount of value received by the Government of Makassar before and after the amendment:

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Contribution Value (Before Amendment)</th>
<th>Contribution Value (After Amendment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2008</td>
<td>10,379,715.32</td>
<td>121,264,387.18</td>
</tr>
<tr>
<td>2</td>
<td>2009</td>
<td>12,000,000.00</td>
<td>130,000,000.00</td>
</tr>
</tbody>
</table>
Tosan Permai PT Lestari also gain economic benefits. From the results of this cooperation of private parties to get the most benefits, namely from stores rental in the Mall Karebosi Link. Rental price of each stall is Rp. 25.000.000/year. So when the count by the number of are stores are 1262, the estimated profit of PT Lestari Permai Tosan for 30 years is Rp. 946.5 billion. While the economic impact of community acquired employees working at the Mall Karebosi Link. Each stall number two employees and salaries earned every bulannnya is Rp. 500.000/month. Then the money circulating in the community through salaries stall for 30 years is Rp. 454.320.000.000.

VI. CLOSING

1. Conclusion
Public-private partnership is a form of cooperation that can produce a positive output for the public service no matter in physical aspect and social aspects. Where this partnership can resolve most problems faced by the government in providing public services such as infrastructure development, public facilities and matters relating to other public services.

In the repair of public facilities, the Government of Makassar has saved its budget. With these savings the government can allocate the existing budget for other programs such as health care programs and educational programs free of charge.

This is a responsibility given by the City Government in responding to challenges in the era of globalization and realize the concept of good governance that had been in the launch palm. Partnership relationships in this study had the pattern of relationships that involve all stakeholders from government, private or public.

But there are obstacles in implementing the concept of partnership built between the city government makassar with PT Lestari Permai Tosan. Problems that arise in the process of implementation of these partnerships is the government's performance that impressed not afford in the negotiations. This can be seen when the Government of Makassar develop partnership cooperation agreement Karebosi field arrangement. The capacity of the government in negotiations with private parties are often weak and the injured party. In addition, people also are not fully engaged to oversee this partnership. Government seemed to cover up information that should have known by the public. The government only involves the community in the process of popular consultation stage until the stage design competition. While on stage at the auction until the
implementation process, the public has no access to the process of supervision. Then the resistance arising from the public to reject development Karebosi field on the grounds they were not given access to monitoring.

Although in this partnership the government does not spend a penny to finance structuring Karebosi field, but the resulting partnership in managing the field Karebosi not bring benefits to the Government of Makassar. The government suffered losses from this partnership, where the government only to earn less income than the acquisition of private parties. Income earned by the Government of Makassar much less than the value of the asset / investment value of the karebosi field.

Therefore, the principle of a partnership of cooperation will not materialize. Should the principle of partnership between government and private, no party in charge of others and equally bear the risk and benefit together.

2. **Recommendation**

It is expected in the future that Makassar Government set up a team / functional competence which emphasizes a professional capacity in the field of asset management-based economy, law and communications field negotiations. These measures can be taken by the Government of Makassar include human resources through education and training based on public private partnership, project management, planning-based integrated development environment-social, asset management and logistics to business co-operation of law (private) and state administrative law (policy public institutions). So that similar mistakes are detrimental to the City at the same time guard the public interests of Makassar in the negotiation can be avoided. On the academic side, the accumulation of scientific events above are expected to be a comparative study
of partnership in formulating future policy. Both in the scientific development of the phenomenon of governance and public policy, as well as follow-up studies on a similar topic in the future.

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**Website :**

Document

Data Analisis Mengenai Dampak Lingkungan Lapangan Karebosi