

Public Private Partnership Model in Tourism Development in North Toraja Regency

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ABSTRACT

The concept of Public Private Partnership (PPP) is proven to be more efficient and effective in public services in the tourism sector, and to benefit from regional income, and can help the government sector to deal with limited resources in tourism development. This study aims to determine the model and success of the Public Private Partnership (PPP) in tourism development in North Toraja Regency.

This research uses a qualitative approach. Data collection was carried out through interviews, observation and documentation study. Data processing and analysis techniques are carried out in three stages, namely: data reduction, presentation and drawing conclusions. The informants in this study were as follows: (a) the Department of Culture and Tourism of North Toraja Regency; (b) Owner / Manager of Ke'te' Kesu' and Lempe Negeri Diatas Awan Tourism Object; (c) Visitors / Community.

The results showed that: (1) Equity shows the existence of a cooperation sharing agreement that has an impact on receiving fees and tourism services; (2) Effectiveness, government-private cooperation runs effectively to attract revenue (retribution) and provide services to visitors or tourists; (3) Efficiencies, public-private cooperation shows that the use of resources in the development of tourist objects is proven to be more efficient by implementing public-private cooperation; (4) Exportability shows the government gets a high demand risk to meet the needs of tourist objects and compensation to the people who are affected in the construction of tourist attraction facilities and infrastructure. the life cycle contract (LCC) model that exists in the cooperation agreement (MOU) between the private sector and the government shows that it is the private sector that initiates the development of a tourist destination. The private sector becomes the owner of a tourist attraction that carries out development starting from design, build, finance, and maintenance in the early stages before any cooperation with the government.

Keywords

Public Private, Model Partnership, Turism Depeloment

Introduction

Tourism development requires cooperation from the government, the private sector and the community because tourism is a multimedia industry that involves intervention from all parties. Currently, tourism is Indonesia's top priority in order to increase state revenue apart from oil, gas and taxes. This makes Indonesia one of the developing countries that promotes tourism to increase the number of tourists or visitors who come (Rhama & Setiawan, 2020). In order to support and enhance the development of the tourism sector, the Indonesian government issued Law number 10 of 2009 concerning tourism, which explains that tourism development is needed to encourage community welfare and obtain benefits such as economic growth so that it is able to face the challenges of change in local, national and global life.

Another aspect of the benefits of tourism is when foreign tourists who come to Indonesia also encourage to create business relationships with the community so that tourism shows a big role in the presence of investment. The impact of investment and management of the tourism industry which is well managed by all parties can provide welfare to the community if it is maximally developed, tourist destinations will also create economic activities around tourist objects and absorb labor in the formal and informal sectors. Tourist destinations or tourist destinations generally require supporting facilities, such as road access and public facilities, which are sometimes not a priority development

for the local government or the government experiences budget constraints in carrying out development so it needs support from the private sector and the community. The government needs contributions from the private sector, with the concept of Public Private Partnership in developing the tourism sector which can cover the shortcomings of the government, then the concept of private-public partnership (PPP) provides opportunities for the private sector and government to obtain financial benefits. the Public-Private Partnership (PPP) is an arrangement between the government and private entities in the provision of infrastructure services and is one way to obtain additional sources of funding for infrastructure investment (Nugroho & Toyib, 2018).

The application of the PPP model can increase the efficiency of the use of budgeted financing. Nonetheless, PPP is seen as a form of project finance whereby the private sector handles upfront costs for the provision of public infrastructure and facilities as well as handling their design, construction and maintenance. The rules regarding this matter are usually set or regulated before entering into a cooperation contract or stipulated in a design, construction, financing and maintenance contract. This is in line with the opinion Nugroho & Toyib in 2018 that the private sector is considered to have greater incentives and capabilities in providing and managing more efficient service costs. In addition, a focus on services that are directly related to payment mechanisms will encourage faster project

implementation and better asset maintenance during the concession period.

The success of this collaboration cannot be separated from the implementation of the cooperation model used in the collaboration. Casanova in 2011 explained the success of the public private partnership by looking at several components, including: (1) Equity; (2) Effectiveness; (3) Efficiency; (4) Exportability. The problems of implementing public private cooperation in tourism development in North Toraja district can be seen from these components, such as fairness in the sharing of public private cooperation, effectiveness of cooperation in tourism development, efficiency of private sector involvement in tourism management, and government behavior and risk aspects resulted from the collaboration. In addition, this public-private cooperation is also driven by success in implementing the cooperation model.

The public private partnership model according to Matraeva et al., in 2016 that in public-private cooperation has several models of prospective plans, namely: (1) Concession Agreement Model; (2) Model LCC (Life Cycle Contract); (3) Project Financing Model; (4) Model Forfeiting Model; (5) The Attracting Model for NPO; (6) Social Service Provision Contract Model; (7) Service Provision Contract (Outsourcing) Model; (8) Property Lease Agreement Model. From some of these models, it is stated that the LCC (Life Cycle Contract) Model and the Project Financing Model are the most effective models used for this. This study focuses more on the life cycle contract model because it is considered more relevant in the development and development of the tourism sector (Matraeva et al., 2016).

Tourism in North Toraja Regency is known as one of the leading tourism in Indonesia, therefore the tourism sector is very important to be developed, especially since the tourism potential of North Toraja Regency is very large, namely 304 tourist objects, which can be a big capital for local governments. However, seen from this potential, only a few local governments can be maximized. Then, seen from the ownership and cooperation carried out by the local government, there are only 27 tourist objects that are able to cooperate with the local government of North Toraja district. This shows that the potential that exists in North Toraja has not been able to be maximized, both from the role of the government and in developing tourism in the Land of Toraja.

Other tourism problems in North Toraja district are facilities and access to locations, some of which are inadequate (Sindonews.com), lack of coherence in tourism development, lack of government roles in collaborating, human resources are still lacking and tourism promotion is not optimal. , regulations in tourism which are still lacking, including regulations in conducting public-private cooperation, as well as limited budgets so that the impact on tourism development is not optimal. Through the concept of public-private cooperation, it is something that must be maximized in overcoming tourism problems in North Toraja Regency.

The North Toraja Regency Government has implemented tourism development with the concept of government-private cooperation through a cooperation agreement or MOU agreed between the private sector (owner / manager of tourist objects) and the government (the North Toraja Regency Culture and Tourism Office). The purpose of this collaboration is to get the results of tourism retribution which is used as Regional Original Income (PAD). The impact of this tourism development is expected to support the availability of public services in the tourism area of North Toraja Regency, for this reason this article looks at the model and success of implementing public private partnerships in tourism development in North Toraja Regency.

Literature Review

Public Private Partnership Concept

The public-private partnership (PPP) scheme has actually existed since the era of President Soeharto, but PPP was adopted effectively in Indonesia in 2005. The background is the urgency of infrastructure development in order to accelerate economic growth and improve people's welfare by providing good public services. In Indonesia, PPP is regulated in Presidential Regulation Number 5 of 2015 concerning Procedures for Implementing Government Cooperation with Business Entities in the Provision of Infrastructure. The definition of PPP based on the presidential regulation is cooperation between the government and business entities in the provision of infrastructure for the public interest by referring to the specifications predetermined by the person in charge of the cooperation project, where partially or completely use the resources of the business entity by taking into account the risk sharing between the parties.

The community's demands for better services must be met in an effort to create satisfaction in providing services to the community. Public sector reform is carried out by applying the concept of new public management (NPM) to implement cooperation between the government and the private sector (public-private partnership stands for PPP) which aims to improve public services economically, efficiently and effectively. PPP in the form of cooperation means that the government still has authority in companies or private individual organizations that work together (Ismowati, 2018). The conception of New Public Management (NPM) itself which is adopted into the concept of Public Private Partnership (PPP) emphasizes the values of efficiency, productivity, business and common interests in the public sector and also in the bureaucratic system being able to improve public bureaucratic conditions that tend to be too large, wasteful, inefficient, public service performance, lack of attention to development.

This conception of PPP is considered as an arrangement whereby the government needs capital incentives, long-term infrastructure needs, and the desired combination of financing to build facilities between the government and the private sector (most of the costs are usually financed by the

private sector). The implementation of operations by a long-term private franchise system, and cooperation or lease contracts. PPP is a type of cooperation project that builds roads, airports, water supply systems, construction of power plants, sports venues, education, and government buildings which are also developed using the PPP method as an urban economic development program (Ismowati, 2018).

Public-private cooperation basically has several advantages from various aspects of public-private cooperation (Tang et al., 2010), which include: (1) Enhanced partnership between the public and private sectors; (2) Better risk management; (3) Clearer government policies; (4) The determinants of success revealed; (5) Better contract maturity; (6) More precise financial analysis.

Public Private Partnership Indicator

The implementation of public private partnerships has several points to see its success, Casanova in 2011 explained important guidelines in measuring the success of a partnership (Setiawan & Sukma F, 2012), which include: (1) Equity, projects in the Public Private Partnership must be fair, meaning that those who use and benefit from the use of infrastructure must pay operating and maintenance costs according to their use; (2) Effectiveness, refers to financial matters, revenue control, service quality and maintenance to ensure that public infrastructure and services are provided as well as possible during the partnership period. The government as the leading sector in public sector infrastructure development needs to be proactive towards the needs of society; (3) Efficiency, PPP in provision and maintenance is proven to be more efficient. The private sector has a good ability to adapt technology, so that service efficiency can be achieved; (4) Exportability, refers to the shift in risk allocation from the government to the private sector. The government does not need to bear losses to provide guarantees to the private sector. However, the private sector must provide a fair return, a tailored and transparent and flexible financing mechanism and the associated risks involved.

Efforts to successfully implement the PPP concept in tourism development, in (Rhama & Setiawan, 2020) explain that the success of public-private partnerships in tourism development in Indonesia depends on: (1) the ability of tourist destinations to be ready to compete with other tourism objects, both at the global and national levels; (2) the ability to create tourism cooperation with all parties aimed at improving infrastructure without changing natural and beautiful environmental conditions; (3) the ability to create tourism with good coordination, the government and the private sector to provide unique characteristics that become the identity of a tourist destination.

To get the success of public private partnerships in tourism development in Indonesia, several things must be done (Ikram, 2018), namely: (1) creating and seeking tourism that is ready to compete; (2) creating tourism to play an active role in providing the best services for tourists by developing various attractive infrastructures; (3) creating tourism with good coordination and collaboration between the

community, government and the private sector, so that it can provide unique characteristics that can develop pure natural attractions.

Efforts to develop the goals of a public private partnership (PPP) in the tourism sector (Rhama & Setiawan, 2020), are as follows: (1) Setting goals and developing tourism products, promoting tourism, building the tourism industry, and expanding excellence as aspects of Indonesian tourism development in preparing for competitive tourism development; (2) Government policy on tourism destinations, namely increasing accessibility, attractiveness, convenience, and the travel ecosystem by preparing sustainable coordination with relevant ministries; (3) Coordination and synchronization of policy implementation and technical implementation in the development of natural and artificial tourism destinations, tourism industry leadership, and community freedom in the framework of providing unique characteristics to create the identity of a tourist object.

Life Cycle Contract (LCC) Model in Public Private Partnership

The Life cycle Contract (LCC) model can be defined as a form of PPP contract, whereby a public partner enters into a design, construction and exploitation agreement with a private partner on a competitive basis for the life cycle period of an object and makes the same payment after putting the object into operation, provided the private partner maintains the object in accordance with its functional requirements.

Life cycle contrasts in several literatures explain that the Russian Federation has not used much foreign experience in implementing LCC (Life Cycle Contract) or DBFM (Design - Build - Finance - Maintain) to date. LCC is a form of PPP contract that is used abroad (Timchuc et al., 2017) Matraeva, et al in 2016 explain that the term "LCC" is a word-for-word translation used in Scandinavia. Then, in several European countries, this type of contract is defined as a public and private sector cooperation in which the private and public sectors enter into a cooperation contract starting from design - build - finance - maintain. This LCC explains that the private sector can develop its cooperation or project in a sustainable manner and is one type of concession. Then, in France, this contract is known as a "partnership contract".

In some studies and literature, LCC is defined as a form of PPP contract where a public partner makes an agreement with a private partner for facility design, construction and operation during the object's life cycle period and makes project payments in an equal share after the facility is operated and in a condition of maintaining the facility in accordance with performance requirements determined by the private partner.

LCC according to Matraeva et al., in 2016 is a private partner to build facilities at their own expense and use their own materials and operate them for an estimated life (life

cycle) providing management support, maintenance and services. Public partners make project payments when the facilities are operated using budget funds of an appropriate level. Thus, project payments to public partners may include

private partner services in the form of provision of facilities for use (provision of commercial buildings for accommodation facilities provided by private partners).

Methodology

This research method used a qualitative approach, this research was carried out in North Toraja Regency, the research location at the North Toraja Regency Culture and Tourism Office as well as the Ke'te' Kesu' and Lempe Negeri Diatas Awan tourism objects. Data collection was carried out through interviews, observation and document study. Data processing and analysis techniques are carried out in three stages, namely: data reduction, presentation and drawing conclusions. The technique of determining informants was carried out by purposive sampling, the informants in this study were a representative primary data source and provided information about the conditions and reality of the problem under study. The informants in this study were as follows: (a) the Department of Culture and Tourism of North Toraja Regency; (b) Owner / Manager of Ke'te Kesu 'and Lempe Negeri Diatas Awan Tourism Object; (c) Visitors / Community.

Results and Discussions

The Success of Public Private Partnership (PPP) in Tourism Development in North Toraja Regency

Equity

The cooperation between the government and the private sector in tourism development in North Toraja district in terms of justice in the distribution of the cooperation is carried out in accordance with the mutual agreement and win-win solution that has been agreed by the private sector as the manager and the government, namely in the agreement there is a 40% ticket fee sharing for the government and 60% for the private sector and managers receive assistance with the determination and maintenance of the government, including the provision of human resources for tourism objects.

In another aspect, this collaboration provides good service and retribution in tourist objects does not burden visitors. The tourism partnership in North Toraja Regency shows the role of the government in this partnership program as a regulator (the first party in the cooperation agreement) which helps in carrying out tourism development such as providing tourism object assistance facilities and developing the quality of human resources by providing training to managers of tourist objects and surrounding communities. tourist attraction. The activities carried out in this partnership can be seen as follows:

Table 1 Implementation of the Tourism Development Program in North Toraja Regency

Tourism Marketing Development Program	Tourism Destination Development Program	Partnership Development Program
- Market analysis for promotion and marketing of tourism objects	- Development of leading tourist objects and enhancing the development of tourism infrastructure and facilities	- Development and strengthening of information and databases
- Increasing the use of information technology in tourism marketing	- To coordinate the development of tourist objects with institutions / businesses	- To coordinate the development of tourism partnerships and facilitate the formation of communication forums between tourism industry players
- Coordination with the tourism support sector Implementation of domestic and foreign tourism promotion	- Monitoring and evaluating the implementation of tourism destination development programs	- Monitoring and evaluating the implementation of the partnership enhancement program
- Monitoring and evaluating the implementation of tourism marketing development programs	- Development, socialization and implementation and supervision of standardization	- Human resource development and tourism professionalism
- Preparation of tourism promotion facilities and infrastructure	- Compilation of detailed plans for tourism development areas	- Increasing community participation in developing tourism partnerships
	- Arrangement of area arrangement / site plan / master plan for the	

development of tourist attraction
objects

- Guidance and data collection of
tourism service businesses

Source: Processed from data from the North Toraja Regency Culture and Tourism Office, 2021

Effectiveness

The implementation of government cooperation with the tourism object owner foundations in North Toraja in terms of efficiency, namely the implementation of the results of the agreement in the MOU runs effectively seen from the

purpose of implementing the cooperation agreement, namely to distribute or collect revenue (retribution) of tourist objects. The implementation of this collaboration has proven to be more effective in obtaining tourism revenue or PAD from the tourism sector, here are data on tourism revenue in North Toraja district:

Table 2 Data on the Amount of Tourism Retribution for North Toraja Regency

Year	Amount of Tourism Levy Receipts	Percentage of Tourism Retribution Receipt
2016	3.526.463.899	+30,82%
2017	4.914.011.550	+39,35%
2018	3.178.816.000	-35,31%
2019	3.170.305.000	-0,26%
2020	1.318.578.500	-58,41%

Source: Processed from data from the North Toraja Regency Culture and Tourism Office, 2021

Efficiency

The cooperation between the government and the tourism object owner foundations in North Toraja is seen from the efficiency, namely the management of tourist objects managed by the private sector has proven to be more efficient in using the budget. Then, the government has

limitations in financing or budget for building facilities within a tourist attraction. Then the private sector also has good skills in managing tourism because they take the initiative themselves to carry out development at their own expense or budget and do not wait for assistance from the government so that facility services in a tourist destination are better.

Table 3 Work Plan for Budget Revision of the Culture and Tourism Office of North Toraja Regency

Program	Fiscal year	
	2019	2020
Tourism destination development	959.030.000	3.838.717.875

Source: Processed from data from the North Toraja Regency Culture and Tourism Office, 2021

The data above shows the budget plan used in developing tourism destinations, seen from the budget needed in 2019 as much as 959 million (some other budgets can also come from the private sector) and revenue from the tourism sector in 2019 as much as 3 billion, meaning that the development budget and revenue tourism experienced a surplus of 69.74%.

In addition, the existing revenue in 2019 can be reused in financing the next budget in 2020. Cooperation between the government and the private sector (foundations), namely the management of tourist objects by the private sector, has proven to be more efficient in using the budget where the budget needed in 2019 is 959,030. 000 and in 2020 as many

as 3,838,717,875, while the PAD received was 3,170,305,000 in 2019, meaning that from development expenditure and tourism sector revenue a surplus of 69.74%.

Exportability

In terms of equity, the government has collaborated with the tourism object owner foundations in North Toraja, namely the risk allocation received is the need for infrastructure development in tourist objects which is difficult to fulfill by the government due to budget constraints. Then the risk aspect that has the most impact on society is the development of infrastructure that has an impact on the community, furthermore when the lack of visitors or tourists

comes, it has an impact on receiving revenue from ticket fees. For the transparency aspect, it has gone well, because the government places one permanent daily employee in

each destination to oversee the private sector in terms of receiving ticket or ticket fees.

Table 4 Data on International Tourists in North Toraja Regency

Year	Amount of Tourism Levy Receipts	Percentage of Tourism Retribution Receipt
2016	164.421	+25,47%
2017	285.566	+73,67%
2018	310.114	+8,5%
2019	365.554	+17,88%
2020	109.999	-69,91%

Source: Processed from data from the North Toraja Regency Culture and Tourism Office, 2021

The data shows an increase in visitors or tourists each year which has an impact on the number of tourism levies received, this is influenced by the existence of good private government cooperation in carrying out the development and management of good tourist destinations or attractions, as well as good risk management so as to provide satisfaction or attractiveness. towards visitors or tourists. However, in 2020 tourist visits have decreased due to the Covid-19 pandemic.

The discourse regarding this LCC model was chosen based on its suitability with tourism development in North Toraja district which was carried out with the concept of public private partnership, the most basic reason is this LCC model, the freedom from the private sector to manage a tourist destination is more open, meaning that the private party or object manager tourism has more extensive opportunities in developing tourism management. Public partners benefit from management by the private sector. In general, tourism development with the LCC model in North Toraja Regency can be seen as follows:

Model Life Cycle Contract (LCC) in Tourism Development in North Toraja Regency

Table 5 Contribution of Tourism Development in North Toraja Regency

Model	Informant		Information
	Government	Private	
Design	No contribution	Contribution	Before MOU
	Contribution	Contribution	After MOU
Build	No contribution	Contribution	Before MOU
	Contribution	Contribution	After MOU
Finance	No contribution	Contribution	Before MOU
	Contribution	Contribution	After MOU
Maintain	No contribution	Contribution	Before MOU
	Contribution	Contribution	After MOU

Source: Results of research data reduction, 2021

This data shows that the private sector dominates in this collaboration, showing that the private sector has more opportunities in developing tourism with the LCC model in North Toraja. The government (public) in this case is the Culture and Tourism Office of North Toraja Regency as a public actor in developing tourism which has compiled

several tourism development programs so that they can provide quality tourism services in carrying out tourism development programs in North Toraja Regency. The following is a summary of the data on the government's contribution to tourism development:

Table 6 Data on Government Contribution in Tourism Development in North Toraja Regency

Government Contribution	Aktivites
Tourism Promotion	- Promotion of tourism through social media, websites, exhibitions and tourism events
Development of Facilities and Infrastructure	- Construction of Transportation Roads (Access road to the location of the tourist attraction Lempe Negeri Diatas Awan in 2018)
	- Renovation of Facilities and Infrastructure (Replacement of

Human Resource Development

- the roof of the traditional tongkonan house, Erong)
- Construction of Facilities and Infrastructure (Musholla at Ke'Te Kesu, photo spots, footpaths, hand rolling, construction of souvenir stalls, and installation of paving blocks, gazebos and parking lots)
- Conducting Training (Home Stay Management Training, Destination Development Training, Hotel Employee Training and Sapta Pesona Training)
- Hold a study tour or study visit to a tourist attraction

Source: Processed from data from the North Toraja Regency Culture and Tourism Office, 2021

Conclusion

In general, public private partnerships in tourism are important to be applied in the development of the tourism sector, with the involvement of the private sector in the public sector it is proven to be able to provide efficiency and effectiveness in tourism management, given the government's limitations both in terms of human resources, the existing bureaucratic system and limited budget. owned. The implementation of the concept of public private partnership (PPP) in tourism development in Toraja Regency is seen from several indicators of the success of public private partners, namely: equity, effectiveness, efficiency, and exportability. In general, it shows good success in managing and developing tourism. Cooperation between the government and the private sector in the tourism sector in North Toraja Regency is carried out by a cooperation agreement by holding agreements between the government (public) and the manager / owner of tourism objects (private). This collaboration provides a value of effectiveness and efficiency in tourism management and obtains local revenue in the tourism sector. However, the most important thing is that this collaboration is built on the basis of common interests and public interests for the welfare of society.

The life cycle contract (LCC) model which is seen from the cooperation agreement (MOU) where the private sector becomes the initiator in carrying out the development of a tourist destination, the private party is the owner of a tourist attraction that carries out development starting from design, build, finance, and maintenance (prior to cooperation with the government). After the existence of a cooperation agreement with the government, the government began to contribute to the development of tourist objects by providing assistance and financing for the construction of facilities to assist in the maintenance of tourist destinations. In addition, with this collaboration, the government collects ticket retribution from tourist objects which is divided into 40% for the government and 60% for the private sector or managers.

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