CHAPTER I

INTRODUCTION

1.1   Research Background

Food is considered as one of people's basic needs. Food fulfillment needs to be expedited. Food according to Law number 18/ 2012 is everything derived from biological sources which could be used to fulfill people's food needs. Not only human right, food also determines the quality of human resources of a country. The slowness of food compliance can harm controlling food prices and declining society's welfare. In the end, these conditions could threaten national stability. Therefore, the government as state organizer has competed to feed its people by implementing various strategies which are suitable to the conditions of each country to achieve food security, including Indonesia.

The strategy adopted by Indonesian government in achieving food security are conducted in order to make the food availible, accessible, and utilized. The actional program conducted by government to implement the strategy are: (1) market intervention, it is associated with government intervention to determine the market price and the direction of the government so that people consume certain food provided by the government; (2) increasing local food production, this policy is done by subsidizing materials/money to reduce the production cost and development to improve agricultural systems; (3) Establishing governmental or non-governmental agencies supporting food security; (4) Open the participation of private banks and government's role in achieving food security; (5) set the export-import

policy, especially for commodities that dominate the life of many. In the end, any policy implemented to date have not been able to deliver Indonesia. Until now, food security still faces challenges and problems are quite serious and require continuous treatment.

In Indonesia, food commodities accounted for its significant role on inflation. 15 food commodities are listed in the major commodities inflation contributor. (Nurhemi et al, 2014). In other words, the instability of food commodity prices in Indonesia are influenced by supply problems. The instability of food prices in Indonesia are also due to the seasonal nature of food commodities and are highly affected by natural conditions such as soil, the global climate change, and also the geographical location of the area. These factors will affect the availability of the stock each month. In the harvest season supply increases, so the price is relatively low. However, during the lean season or out of season stock is limited. In addition, the distribution problems also became obstacle on the transportation among regions. The length of food market chain also led to inefficiencies in the goods marketing and led to high prices of food commodities.

In general, compared with developed countries which have reached maturity in food security, developing countries such as Indonesia faced a serious problem to provide adequate food for its people. This is ironic, because developing countries typically have more agricultural land, sea or other natural resources. This situation is triggered by the low quality of human resources and technology which often create a very wide chasm between the developed and developing countries. For example, with the same land area, the agricultural system in Japan can produce tripled rice over the agricultural

system in Indonesia. Likewise the traditional farming systems that are still entrenched in Indonesian society, the results can not be compared with the farms of Australia. To overcome the shortage of domestic food, the government opened the faucet import as much as possible. This makes developing countries become increasingly dependent on the developed countries.

Import dependency is even worse when the world faced an international Food crisis that occurred in 2007-2008 (marked by rising food prices up 54% over 18 months). This condition has really hit food security of countries in the world, especially developing countries. Many countries changed the way they maintain food security. If they were used to open import access to satisfy domestic demand, the trend was turned into attempting to eliminate dependence on imported products and by optimalizing local products or improve food self-sufficiency.

This situation also applies in Indonesia which is actually classified as a pure importer of some staple commodities. One of the staples in the spotlight is beef. Domestic demand rose makes the government has to import beef from Australia. Such dependency may threaten national security, because it will be able to make Indonesia slumped when faced international crisis (again). Therefore, the Indonesian government sought to achieve beef self-sufficiency in the next few decades. This policy is expected to minimize the dependence on import needs to optimize the production of domestic beef. The strategy adopted in realizing beef self-sufficiency are empowering local livestock resources, improve farming systems both beeding and maintenance

as well as intervening in the market as a form of government protection against local livestock resources.

In practice, beef self sufficiency which was conducted in Indonesia has quite serious obstacles and challenges. Ilham (2009) show that during the last 40 years Indonesian beef industry experienced negative dynamics tend him. In fact, in the decade 1970-1980 Indonesia was a beef export. In 1972, for example, Indonesia exported about 15 thousand cattle and buffalo to Singapore and Hong Kong (Daryanto, 2011). Entering the 1980-1990 the government banned export of beef cattle and buffalo (Ditjennak, 1990). Finally, since the early 1990s until today Indonesia has become a beef importer. The occurrence of beef import phenomenon due to population growth and revenue rose. On the other hand, domestical beef growth production was relatively slow. Production growth was slow due to the long duration of cattle production cycles, the low farming technologies, beef cattle business was still as a side job, and the government's development budget allocations for the development of beef cattle was still low (Ilham, 2009). Consequently gap in demand and supply of beef and import dependence increased. According to Suryana (2004), conditions such gap was indication that food development was still done as business as usual and can be a threat to the stability of the country.

The government through the ministry of agriculture, has made various efforts to resolve the issue; it is to establish Beef Self-Sufficiency Program (PSDS). According to Ditjennak (2010), with self-sufficient in beef will be obtained advantages and added value, namely: (1) increased income and welfare of farmers, (2) absorption of additional new workers, (3) saving foreign

exchange, (4) the optimal use of potential local cattle, and (5) increasing the supply of beef Safe, Healthy, undamaged and halaal for the community, so tranquility is guaranteed.

Beef self-sufficiency policy in Indonesia have been implemented since 2000 namely Beef Sufficiency Program. At that time, the government expected Indonesia achieved self-sufficiency of beef in 2005. To support it, the government through the Directorate General of Livestock set some strategic policies as follows: (1) development of the region based on livestock commodities featured; (2) institutional development of farmers; (3) an increase in business and farming industry; (4) optimizing the utilization of security, and the protection of local natural resources; (5) the development of mutually beneficial partnerships; and (6) developing appropriate technologies. The three main objectives of the program is the increase in population, a decrease in feeder cattle imports, and an increase in local cattle slaughtering (Saptana and Daryanto, 2013).

However, in reality this beef sufficiency program did not go as planned. According Yusdja et al. (2004), there are at least five causes of the failure of achieving the targeted PSDS achieved in 2005, namely: (1) programs formulated policies are not accompanied by detailed operational plans; (2) programs that created top-down and small scale compared to the target or targets to be achieved; (3) The program implementation strategy be generalized with no regard to seed the area, but more oriented on selected commodities; (4) the implementation of the programs do not allow for impact evaluation; and (5) the programs are not clearly have an impact on population growth nationally. Furthermore, Daryanto (2011) stated that the program is

more programmatic and not at all supported by an adequate budget so that the target can not be met.

In addition, Ilham (2013) explained that beef self sufficiency program in 2000-2005 was not supported by the other institutions including local government. The program was also not arranged sistematically and there was no yearly target as the guidance for the policy executor. This thought make government tried to increase local government partisipation to improve beef self sufficiency program in the following years.

After that, the beef self-sufficiency program was triggered again to Accelerate Achievement of Beef Self-Sufficiency Program (P2SDS) 2008-2010. To accelerate efforts were focused in 18 provinces: Nanggroe Aceh Darussalam, West Sumatra, North Sumatra, South Sumatra, Lampung, West Java, Central Java, Yogyakarta East Java, Bali, West Nusa Tenggara, East Nusa Tenggara, South Kalimantan, West Kalimantan, South Sulawesi, Southeast Sulawesi, Central Sulawesi and Gorontalo. The eighteen provinces are grouped into three priority areas, namely: (1) a priority area IB: West Java, Central Java, Yogyakarta, East Java and Bali; (2) a mixed area IB and KA: Nanggroe Aceh Darussalam, West Sumatra, North Sumatra, South Sumatra, Lampung, West Nusa Tenggara, South Kalimantan, West Kalimantan, South Sulawesi and Gorontalo; and (3) a priority area for natural mating: East Nusa Tenggara, Central Sulawesi and Southeast Sulawesi. Determining prioritized areas showed that central government started to involve local government more seriously in achieving beef self sufficiency. The mentioned provinces were fostered and supported by central government to conduct P2SDS.

P2SDS program was written in seven operational steps (Ditjennak, 2008), namely: (1) the optimization of the acceptor and birth, so as to increase the growth rate of birth; (2) the development of Slaughter House and control of productive female cutting, so as to control or delay the productive female cutting; (3) provision of quality seed, thus increasing productivity or beef per unit time; (4) treatment of reproductive disorders and animal health in order to remain healthy and productive livestock; (5) the development of local feed, thereby increasing the availability of food locally and reduce reliance against imported feed ingredients; (6) Natural Mating intensification (INKA), so naturally increasing the birth rate; and (7) the development of human resources through institutions, so as to develop the managerial aspects of beef cattle business and improving institutional performance, both government and institutional breeders. This self-sufficiency is fully strived to raise farm incomes and welfare of the people. To that end, empowerment efforts geared more towards activities to improve competitiveness, promotion, and public participation (Arif et al., 2011). In addition, an economic approach was also conducted including the control of imports of beef/cattle feeder (Ilham et al., 2011).

However, once again the program that has been announced could not deliver Indonesia achieving beef self-sufficiency targets (Arif et al., 2011). At that time, Indonesia still imported 30% beef to fulfill local demand (Boediyana, 2009). Tawaf (2014) emphasized that eventhough P2SDS had yearly target and had involved local government but this program had not enought budget to be well executed. The program that should be done in some appointed areas in Indonesia could not have maximum result.

Nevertheless, this program contributed through the implementation of the seven operational measures by local government, such as: (1) the optimization of the acceptor and the intensification of Nature Mating can contribute to 79.8 thousand tons of meat, productive female cattle 448.6 thousand heads, and the birth of 58.3 percent from 1.46 million acceptors ; (2) nature mating alone contributed 17.3 thousand tons of meat and productive female cattle as much as 97.2 thousand heads; (3) productive female cattle slaughtering control activities contributed 18.9 thousand rescued productive female cattles and birth of 14.5 thousand heads; and (4) management activities of reproductive disorders can contribute to the supply of meat by 1.3 thousand Tons (Ditjennak, 2010). This potential was a provision to continue the sustainability of the program beginning beef self-sufficiency in the following year.

Still with the goal of food self-sufficiency, the government resumed beef self-sufficiency program with the target of achieving by 2014. According to Ilham et al. (2011), 2014 PSDS has undergone improvements and more comprehensive than similar programs in previous years. An example is the documentation PSDS are much more orderly with a clearer reference. Unlike previously, in 2014 PSDS prepared a blue print which was very useful as an legal protection and guidance for the implementation of the operational program. Blue Print has also been described in both the preparation of the General Guidelines and Technical Guidelines, so expect further facilitate implementation at the stage of implementation in the field. In addition, there is a significant improvement in the organization PSDS 2014. That form of the

formulation of operational measures in the seven previous policies, which was evaluated and updated so that later appeared thirteen operational measures.

Beef self sufficiency policy 2014 was expected to deliver Indonesia achieving the goal. The guidance availibility will make central and local government easier to adopt programs supporting beef self sufficiency. The programs was adjusted to the local potency from each regions. In this part, local government has a very important role to adop central government policy and implement it by issuing local policy or conducting programs and actions in supporting Beef self sufficiency policy. Unfortunately, another failure came and beef self sufficiency is still a dream for Indonesia until now.

Some scholars have conducted many studies to analyze what problem causing the failure of Indonesian Beef self sufficiency 2014. Tawaf (2015) said that 8 things caused the failure, one of it is unmatched data between central and local government which missled the decision to cut import. On the other hand, the traditional farming system become a big problem which make cattle farm could not fulfill market demand. In this case, cattle farming system need to be developed with a good strategy in order to solve the problem.

Development of cattle farms in Indonesia can not be separated from the development of livestock in general. For current and future, development entering a new era that two regional autonomy as mandated by Law no. 22/1999 on Regional Government, and the international free trade. The soul and the meaning of the implementation of the Law no. 22/1999 is granting broad powers to the regions in the regulation, allocation and utilization of resources for development in the region. Furthermore, there is a separation of

authority between the government (central and local) community. In this case the principle of thumb is, the things that can already be done by the public, the government should not intervene again.The role of government in the development of animal husbandry will only include aspects of regulation (regulation), services (services), education (extension) and a motor for development (agent of development), while the role of the public or private is the subject or development actors start field production facilities, aquaculture , storage, processing to marketing. In the global level, in particular with regard to the implementation of free trade, the development of animal husbandry will be free from all forms of protectionism so as to create access to a wider market. Thus, the development of livestock are in competition conditions dual inter-regional competition and rivalry between countries.

The potency for animal husbandry and breeding cattle in Indonesia is very large when seen from its ability to feed supply and technology. The main problem in the cattle industry in Indonesia is limited capital breeders, the market system does not guarantee the sustainability of the business, the application of technology, government and private sector support is still lacking.

Efforts to promote beef cattle in Indonesia have been carried out either by the government, researchers, and entrepreneurs and observers of the farm fields. Technology also has been produced by universities, LIPI, Research and Agriculture and indigenous technology owned by farmers from upstream, on-farm and off farm as AI, embryo transfer, technology feed, forage ahead, post-harvest products and some other engineering. (Bahri and Tiesnamurti, 2012; Hasan, 2013). Human resources involved and available to

develop beef cattle in Indonesia has been adequate ranging from HR farmers, extension workers and Human Resource researchers. Infrastructure support the efforts of private and government is very adequate as the availability of slaughterhouses, processing of livestock products, The availability of IB and so on. Institutional support from the central government to district / city through technical institution very adequate with a variety of programs such as the rescue of productive female, optimizing the movement of cattle, IB independently, folk breeding center, and several other programs. However, these efforts have not run optimally. Efforts to increase the population and even beef self-sufficiency is still far from expectations. This can be seen in the growth indicators of beef cattle population each year that are not in line with expectations. In 2013, beef cattle population in Indonesia ranges from 16.607 million, an increase of 35.7% in the last 5 years (since 2008). This amount is still far from Indonesia needs to self-sufficiency that is needed about 60 million head of cattle to meet the needs of 250 million people with a per capita consumption of 3 kg. Required effort and even more advanced strategies that livestock population (as an indicator of self-sufficiency) can be achieved within a period not too long (Anonymous, 2009).

The biggest challenge in raising beef cattle population in Indonesia is on the main actors namely breeder. The position of farmers as the subject or the main perpetrators of the farm is very important in improving the cattle population. 99% of farm businesses in Indonesia are managed by the traditional farming system. During this time, the ability of farmers in maintaining cattle is only about 2-3 per breeder so that the cattle population in Indonesia is only around 15-16 million. If the capacity of farmers raising livestock cattle

can be increased to 5, the cattle population will increase dramatically to 28 million and even if the capacity of farmers to increase to 10, the total cattle population in Indonesia sufficient base population for self-sufficiency at 56 million. To achieve that capacity, the government must take an appropriate strategy so that the government can build a beef cattle breeding by observing their potentials. The strategy is expected to deliver breeders to be able to improve its ability in maintaining cattle.

The strategy is built to eliminate all of the limiting factors for farmers in raising livestock to increase its capacity. In addition, the strategy also had to accommodate the position of the cattle as a sideline for farmers, time constraints of farmers in managing farm livestock, limited land resources, limited access to technology and the various situations that put farmers in a very difficult position to improve its capacity to maintain livestock. Strategy development of beef cattle in Indonesia can be viewed from several perspectives. In this paper, beef cattle business development strategy linked to the perspective of local government as regulator and provider of public service. The development strategy is targeting the optimization of personnel resources in implementing the regulations and provide a service to the community as well as the beef cattle breeder beef cattle farms as an object to be developed. This object is targeted at farmers as the main actors farm, livestock and cultivation systems. A thorough knowledge of breeding beef cattle, with the whole problem is expected to make the government to formulate development strategy is right on target.

Reflecting on the above conditions, Malang regency government also has a big responsibility, especially given the potential for breeding beef cattle is

pretty good in its territory. With 124 451 cattles in 2010, Livestock and animal health institution of Malang Regency Government, had established some strategies and policies to support national beef self-sufficiency. Problems beef cattle farms in the district of Malang can be said is a common problem that occurs in Indonesia. As the behavior of farmers beef cattle that causes the beef cattle business is very difficult to increase business scale at the level of farmers(Baba et al., 2013: (1) The business of beef placed farmers as a sideline. Consequently, the outpouring of the time, the outpouring of costs and investments for businesses livestock is not a major concern of farmers. When meeting between the business interests of crops (usually as a core business) with the beef cattle business, the business of food crops is prioritized. farmers usually sell cattle to finance the business of food crops but, very few farms sell crops to finance the beef cattle business. (2) with regard to the phenomenon of the number one, the time allocated to farmers beef cattle business is only about 2-3 hours per day. If it exceeds this time, the farmer is willing to reduce the number of cattle, rather than defend it sacrificing a lot more time. breeders have other responsibilities are for food crops, as a husband or wife, social responsibility, all of which takes time breeders were very limited. (3) The ability of farmers raising livestock is very limited. According to statistical data, the business scale beef cattle only 2-3 tail primarily for non landbased system maintenance. If the number of livestock increased, the farmer is no longer characterized by bony cattle or animal health are not guaranteed anymore. The limiting factor is land, labor, feed and labor time. (4) If the farmers were able to increase the scale of its business over three tails, the faecal waste becomes a problem, particularly for neighboring farmers. Breeders have not

been able to manage faeces into organic fertilizer as one of the branches of profitable business. Similarly, not optimal biogas technology adopted by farmers. Even if used by farmers is limited to clinical trials. (5) Access technology limited breeders thoroughly. Breeders already know how many hay or corn silage fermentation, however, not many farmers who know how to get around the provision of livestock throughout the year so that the needs can be met. Similarly, production of organic fertilizer from animal waste are well known by the farmer, but the knowledge to make the system profitable production is not known by farmers and therefore can not be operated at the level of farming farmers. The above problems are problems experienced by farmers in Malang. These conditions make the development strategy adopted by the Government of Malang regency became unworkable optimally. Therefore, it needs further observation about beef cattle development strategies implemented in Malang and the factors that influence the development of beef cattle that can be optimized and Malang District can participate to support beef self-sufficiency Indonesia.

1.2 Research Questions

Based on the problem above, the questions researcher wants to find the answers are:

a. How was the implementation of cattle development strategy in Malang regency?

b. What are internal and eksternal factors classified as strength, weakness, threath, and opportunity influencing the cattle development strategy adopted by Livestock and Animal Health Institution of Malang Regency?

c. What alternative strategy that could be suggested to Livestock and Animal Health Institution of Malang Regency?

1.3 Research Objectives

Based on research questions above, the objectives of this research are to describe, to analyze, and to interpret things such as:

a. The implementation of cattle development strategy in Malang Regency;

b. Internal and eksternal factors classified as strength, weakness, threath, and opportunity influencing cattle development strategy in livestock and animal health of Malang Regency;

c. Alternative strategy that could be suggested to Livestock and Animal Health Institution of Malang Regency.

1.4 Research Benefits

This research is expected to contribute both theoretical and practical to some parties, particularly:

a. Malang Regency Government; this research may give some useful findings to find the best strategy to increase cattle population and beef production. The findings could be used as suggestion for Malang regency itself or another local government in supporting beef self sufficiency.

b. As a reference and a material discussion for practitioners and other researchers who are interested in conducting research primarily related to Indonesian beef self sufficiency program