

資料5 インドネシア酪農協同組合連合会 (GKSI) の概要

# GKSI



GABUNGAN KOPERASI SUSU INDONESIA  
UNION OF DAIRY CO-OPERATIVES OF INDONESIA



## I. HISTORY

Dairy cattle in Indonesia was introduced by the Dutch Colonial Government by the end of the 19th century. During the Japanese occupation, the dairy cattle which were inherited from the previous Dutch Government were kept by the farmers. It was the beginning of small dairy farming in Indonesia.

Since milk is perishable product and the dairy farmers usually live far away from the consumers, the farmers felt the need for establishment of dairy cooperatives. The first dairy co-operative was established in 1948 in Pengalengan-Bandung in West Java and then in 1962 another dairy co-operative was established in Pujon-Malang, which was followed by the establishment of dairy co-operatives in Nongkojajar-Pasuruan, Grati-Pasuruan, in East Java, and in Boyolali and Ungaran in Central Java.

During 1960-1968 period, dairy co-operative development was not favourable due to the worse economic situation and bad competition among the small farmers as well as the beginning of the establishment of milk processing industries which preferred using imported raw material of milk, so that many dairy cooperatives became bankrupt.

An ironic situation occurred in 1969-1977 period, when many small dairy farmers were bankrupt on one side, while, on the other side, a few milk processing industries were developing well. In such conditions, there were only two dairy co-operatives survived, i.e. South Bandung Dairy Co-operative Pengalengan (KPBS Pengalengan) and SAE Dairy Co-operative Pujon-Malang.

The first great step in dairy co-operatives development in Indonesia was taken in the beginning of the year 1978 by Mr. Bustanil Arifin, SH, who was the Junior Minister for Co-operatives Affairs and Mr. Ir. Muslimin Nasution, the Secretary of the Minister. They visited several dairy co-operatives in Java to study the existing problems and to find alternative solutions. They also studied dairy co-operative system in Anand India.

In July 1978, the Government held a meeting between dairy co-operatives and the milk processing industries (IPS) and as the result it was agreed that IPS would utilize the small dairy farmers' milk produce with a reasonable price. Prof. Dr. Hutasoit as the Director General of Livestock Services had a significant role in the dairy co-operative development, especially in reaching the above agreement.

In 19-21 July 1978 the First Dairy Co-operatives Workshop was held in Jakarta which was attended by 14 primary dairy co-operatives. One of the decision made was the formation of the Dairy Co-operative Coordination Board of Indonesia (BKKSI) which was chaired by Drh. Daman Danuwidjaja.

In 29-31 March 1979, the second dairy co-operative workshop was held in Malang which was attended by 17 primary dairy co-operatives. It was agreed that the Dairy Co-operative Coordination Board of Indonesia (BKKSI) was dissolved and established the Union Dairy Co-operatives of Indonesia (GKSI) and appointed Drh. Daman Danuwidjaja as the chairman.

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## II. DAIRY CO-OPERATIVE DEVELOPMENT

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### 2.1. Organization.

Legal status of GKSI is based on the decree of the Director General of Co-operatives No. 08/Dirjen/Kop/1980, which was registered as BH No. 8284 dated on 16 July 1980, it was renewed by BH No.8284/a dated on 30 August 1980, later it was renewed again by BH No. 8284/b dated on 15 September 1987. The most recent registration number of BH No. 8284/c dated on 24 April 1994.

In the 12th Annual Members Meeting which was held on 20 July 1992 in Yogyakarta, which it was attended by the representatives of all primary dairy co-operatives in Indonesia, GKSI changed its structural organization and appointed new chairman Mr. Hardjono Hamidjojo, from KUD Boyolali Kota (Boyolali Kota KUD Milk Unit).

GKSI with the new Board of Directors set out new policies. Some efforts were made to improve the dairy business activities professionally. The GKSI Board of Director also appointed a Management Team who has the responsibilities for the GKSI operational businesses. In addition GKSI applied a systematic corporate plan as a base of formulating Annual Financial and Expenditure Budget Plan (RK-RAPB). The business activities would be evaluated annually.

### 2.2. The Government Policy.

A joint three ministerial decree (SKB) of the Ministry of Agriculture, Ministry of Industry and Ministry of

Trade and Co-operatives was issued on 21 July 1982. The decree was designed especially for the arrangement of milk importation as raw materials for the Milk Processing Plants (IPS) and their obligation to absorb domestic fresh milk products (SSDN) through the absorption receipt mechanism (BUSEP). The objective of this policy is to balance the national milk demand and supply with the amount of milk importation is calculated based on the local production and national demand.

Presidential Instruction (INPRES) No. 2 was issued on 15 January 1985 on the National Dairy Coordination and Development. This Instruction initiated the formation of National Dairy Coordination Team (TKPN) which consist of members from 10 directorates of 7 ministries, e.g. Ministry of Agriculture, c.q. Directorate General of Livestock Services, Ministry of Co-operative and Small Enterprise Development, Ministry of Trade, Ministry of Internal Affairs, Ministry of Health and the Coordinating Board for Investment. The task of the Team (TKPN) was among others to determine milk absorption allocation of domestic fresh milk product (SSDN) by the milk processing plants (IPS) and to determine the ratio between the imported raw material of milk and domestic fresh milk product (SSDN).

### 2.3. Agri-business in Dairy.

In implementing the business activities, Dairy Co-operatives follow agri-business management pattern which consist of pre-production, production and post-production sub-systems. GKSI business activities are mainly on pre-production to

sub-system which covering provision of feed, dairy farming equipment, and provision of dairy breeding stock. GKSI also dealing with post-production sub-system which covering dairy processing and marketing. While the farmers and the primary dairy co-operatives business activities are mainly on the production sub-system. (Diagram 2)

### 2.3.1. Pre-production.

It covers the provision of livestock, feed, dairy equipment and technical services which are done by GKSI and the strong primary co-operatives or collaborate with private sectors.

#### 2.3.1.1. The provision of dairy cattle.

There were 56,375 heads of dairy cattle with the value of approximately Rp.41 billions had been imported from Australia and New Zealand during the year by 1979 until 1983 under credit system facilitated by the Government. The cattle were distributed to the small farmers, members of Village Co-operative Unit (KUD) and the primary dairy co-operatives which are members of GKSI in 8 provinces (e.g. DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, North Sumatera, West Sumatera and Bengkulu).

PT Nandi Amerta Agung (NAA) was established in 1985 in Central Java as a pioneering company to develop a Nucleus Estate Scheme (PIR) in dairy. NAA was a joint cooperation among GKSI, PT Mantrust and Land of Lakes, American Company, USA. NAA acted as the nucleus and the primary dairy co-operatives acted as the plasma in a nucleus plasma cooperation scheme with each farmers received 6 heads. Some of the cattle were kept in nucleus farm. NAA had imported 20,000 head dairy cattle from USA. However due to the unsatisfactory

management practice in 1987, GKSI withdrew as a working partner from NAA. In 1990 an outbreak of anthrax occurred in the NAA nucleus breeding farm, which caused its bankruptcy.

During 1987-1989 Dairy Co-operatives imported 27,410 heads dairy cattle from Australia, New Zealand and USA, which were distributed to small farmers through KUD and Primary Dairy Cooperatives. members of GKSI in 5 provinces in Java.

In 1994, GKSI introduced heifer calf rearing program in co-operation with the potentially strong primary dairy co-operatives in West and East Java. A slow progress has been achieved.

The realization of the 3rd phase of dairy cattle importation in 1994-1995 GKSI imported another from Australia 4,100 heads by utilizing Primary Co-operative Fund for their members (KKPA). About 3,608 heads was allocated to 5 primary dairy co-operatives in East Java and 492 heads to 2 primary dairy co-operatives in West Java.

#### 2.3.1.2. The provision of feed.

Two feed mill plants (PMT) were established in 1983 which are located in Cirebon and Kejayan-Pasuruan, financed by the Government soft loan of Rp. 1.5 billions to GKSI. The objective was to support the feed (concentrate) provision for the small farmers members of KUD/Primary Co-operatives in the provinces of West Java and East Java. Since 1989 both plants were managed by Primary Dairy Co-operatives.

A feed mixing equipment and storage facility was established in 1990 in Mojosoongo-Boyolali, utilizing GKSI fund of Rp. 0.5 billion. The establishment was

fulfill the need of feed (concentrate) for the small farmers members of KUD/Primary Co-operative in Central Java and Yogyakarta.

#### 2.3.1.3. Provision of production infrastructure.

Directorate General of Livestock Services has given priority to GKSI in supplying frozen semen since 1979 up till 1986 as the Government commitment for supporting dairy co-operatives.

GKSI has received two phases government's soft loan in 1983-1984 and 1985-1986 respectively, in the form of artificial insemination tools which was intended to fulfill the need of its members in carrying out the artificial insemination activities in the field.

Since 1987, co-operatives have been able self supporting in carrying out the artificial insemination, especially in providing frozen semen which was purchased from Lembang and Singosari Artificial Insemination Centres with low price and imported semen from Canada, which was intended to fulfill the demands for better quality of frozen semen.

In 1993, GKSI has been entrusted by the Directorate General of Livestock Services as the only distributor for dairy frozen semen which were produced by DGLS in Lembang and Singosari Artificial Insemination Centres.

Since 1994, DGLS has been collaborating with GKSI in a pilot project for dairy cattle genetic improvement program using embryo transfer.

#### 2.3.2. Production - sub system.

Milk production activities are carried out by the

primary co-operative and KUD milk unit together with their members (the farmers).

#### 2.3.3. Post-production - sub system.

Four GKSI Milk Treatment (MT) Plants have been established in 1983 located in Ujung Berung Bandung, Boyolali, Pandaan-Pasuruan and Batu-Malang. These were the first phase of the Government equity involvement (PMT) program in the form of a soft loan to GKSI of Rp. 5,9 billions. The objectives were to support the KUD which have no milk cooling facilities and for production of pasteurized milk for direct marketing. The milk from KUDs and Primary Dairy Co-operatives which were cooled at the plants then was sent to the milk processing plants, e.g. PT Vriesche Vlag Indonesia (FVI), PT Foremost Indonesia (FI), PT Ultra Jaya (UJ), PT Dairy & Farmer Co-operative Associates (DAFA), PT Sari Husada (SH) and PT Nestle Indonesia (NI).

Since July 1984, GKSI has been able to produce pasteurized milk as finished product and directly marketed to the consumers, with the brand name of Susu Alam Murni. GKSI also produced yoghurt and pasteurized cream.

GKSI established a joint venture company with PT. Margorejo namely PT. Tirta Amerta Agung (PT. TAA) in 1984. GKSI as the shareholder owned 50% share of the company. PT. TAA is a milk processing company which was operated in 1986. The company received raw milk produced by co-operatives in Central Java and West Java and processed the milk into skim milk powder and anhydrous milk fat. The products were then sold to the other Milk Processing Industries e.g. PT. Friesche Vlag Indonesia, PT. Indomilk and PT. Food Specialities Indonesia. However, there was a change in market structure of semi finished product where PT. Food Specialities

lities Indonesia in East Java expanded the capacity of receiving raw milk produced by the farmers in East Java. PT. Indomilk established a new milk powder company. So, PT. TAA had difficulties in marketing its products.

In 1989, GCSI withdrew as the share holder. PT. TAA inactive since 1991.

Additional processing milk facilities were installed in 1989 in Milk Treatment Plants (MT) Ujung

Berung-Bandung and Pandaan-Pasuruan for producing sterilized milk. A plastic bottle factory installed in MT Ujung Berung-Bandung. Those facilities were the second phase of the government equity involvement (PMP II) of Rp.4 billions, which intended to increase market milk production.

In 1995 GCSI collaborated with a private sector in a joint venture company for milk processing and marketing with the establishment of PT Indo Murni Dairy Industry (PT. IMDI) located in East Java.

Diagram 1. Milk Marketing Channel from The Producer to Consumer.

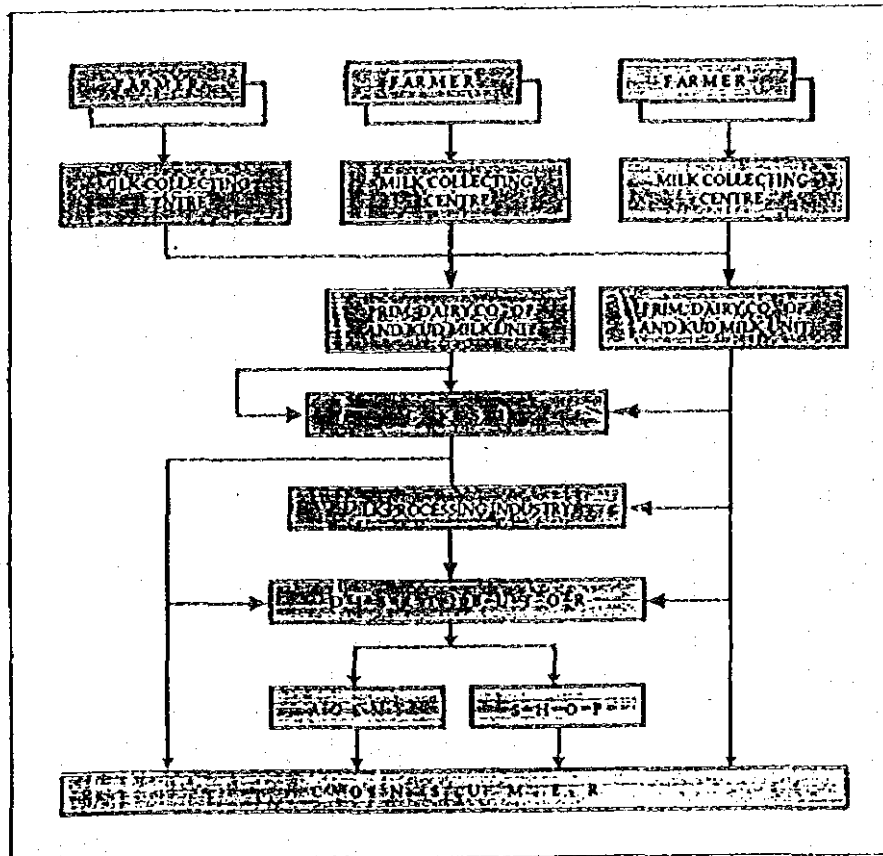
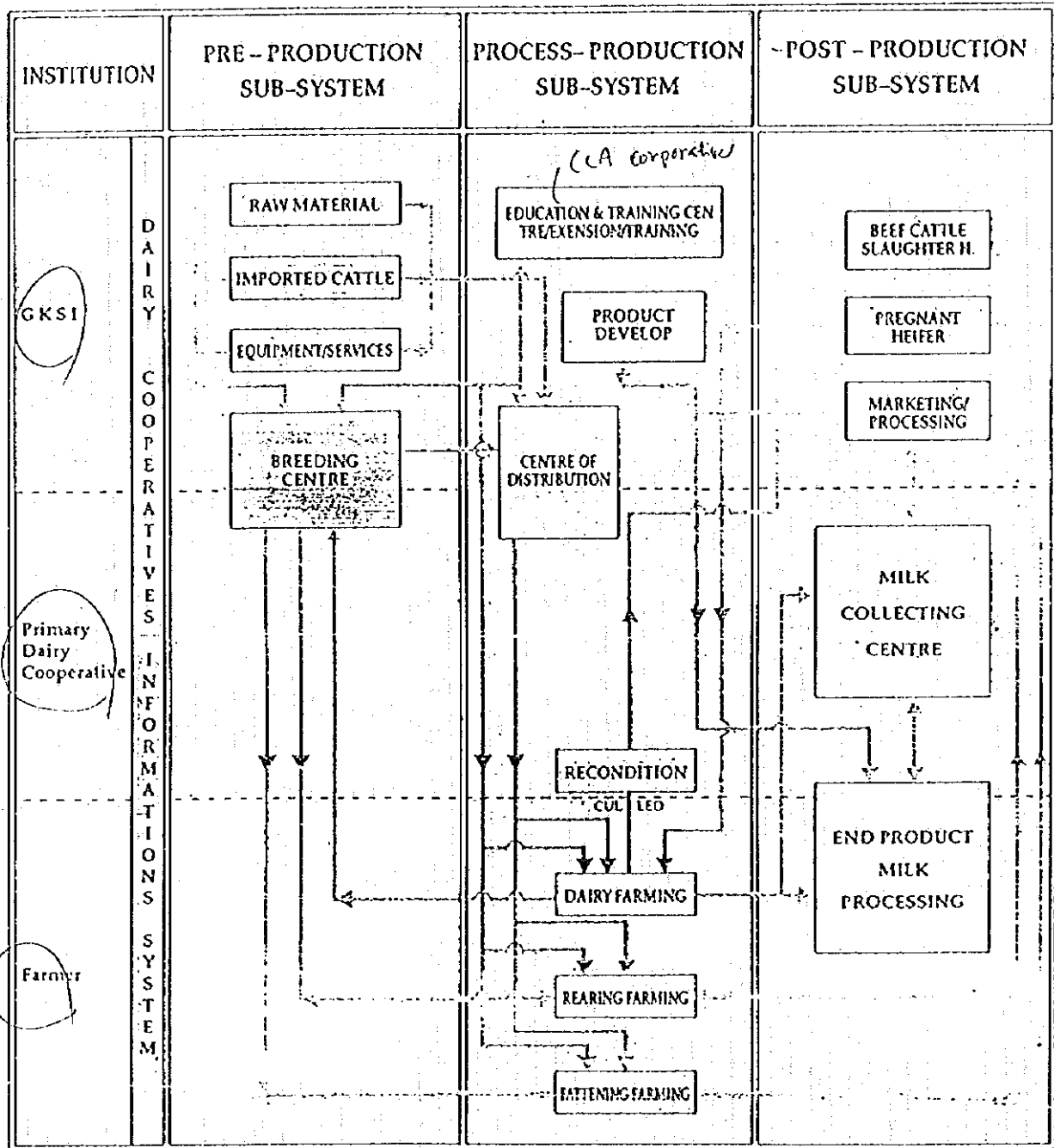


Diagram 2. Agribusiness Patern - in Dairy



#### 2.4. Foreign assistance.

Under the Department of co-operative's project (QTA-27) which was supported by the New Zealand Government, GKSI received 4 New Zealand technical experts, 8 scholarship and dairy industry training in New Zealand, and some milk equipment in the form of Milk Cooling Units, Milk Transfer Tanks and laboratory equipment.

In 1983, ASEAN and FAO provided some equipment i.e. milk cooling, artificial insemination, medical and milk quality testing equipment. Those aid facilities were used for extension and demonstration tools in delivering technical and milk quality control training. The facilities were provided to members of GKSI through Directorate General of Livestock Services (DGLS).

In 1991-1992, GKSI received some assistance cooperation between Indonesian Co-operative Council (DEKOPIN) and Co-operative Centre Denmark (CCD) which was funded by the Government of Denmark (DANIDA). Extension Management Project/DEMAPI). GKSI received a dairy farm management expert (DFM) and a women extension ex-

pert (WE) who worked with KUD/Primary Dairy Co-operatives. The project which valued of Rp. 982 millions has been conducted in East Java GKSI Regional Coordinator (KORDA) and 4 KUD/Primary Dairy Co-operatives in East Java.

The program of Dairy Extension Management Project (DEMAPP-2) was continued for 1993-1996 in which the locations was extended to 16 Primary Dairy Co-operatives in East Java, with the assistance of 1 advisor and supporting fund of Rp.1.6 billions.

Under DEKOPIN program of INCODAP (Indonesian Co-operative Development Assistance Program), Canadian Co-operative Association assisted GKSI in 5 main programs since 1994 for 5 years with the value over Rp. 2 billions for direct transfer.

The program are milk quality control improvement, dairy cattle productivity improvement, business diversification development, milk processing and marketing development, and co-operative organization development. The program also included some advisors and suties in Canada, and co-operatives



*GKSI Senior Cooperators and Canadian Dairy Cooperators in Canada*



Table 1. Growth of Dairy Co - operatives and KUD Milk Unit in Indonesia, Year 1979 - 1994

Description	1979	1984	1989	1993	1994
No. of Primary Dairy Co - op & KUD Milk Unit:					
- GKSI member	27	181	198	204	205
- Non member.	27	180	197	200	201
- Labour absorption:	-	1	1	4	4
- Farmer.	4.801	97.979	173.569	227.949	236.360
- Worker.	1.497	32.999	58.797	77.435	80.480
- Staff of Primary Dairy Co - op & KUD Milk Unit.	2.495	54.999	97.995	129.058	134.134
- Staff on non Primary Dairy Co-op & KUD Milk Unit	578	6.910	11.615	14.854	15.055
- Dairy cattle population (head):	231	3.071	5.162	6.602	6.691
- National. *)	94.000	203.000	287.665	329.520	330.481
- Primary Dairy Co - op & KUD Milk Unit.	5.988	131.997	235.188	309.740	321.921
- Local.	4.909	75.674	151.403	223.914	236.095
- Imported ( cumulative number ).	1.079	56.323	83.785	85.826	85.826
Dairy cattle value ( billion Rp. ).	2,25	73,87	226,15	372,71	467,20
Milk production ( million litre ) :					
- National. †)	72,20	179,00	338,20	4.125,50	425,00
- Primary Dairy Co - op & KUD Milk Unit	12,48	165,84	278,76	356,50	361,69
- Absorbed by Milk Processing Industries (IPS).	10,40	138,20	232,30	297,08	301,41
- Others.	2,08	27,64	46,46	59,42	60,28
Milk ration domestic to imported milk.	1 : 20	1 : 3,5	1 : 0,7	1 : 1,07	1 : 2
Milk price (Rp/Lt) :					
- Milk price at IPS (Rp/kg).	194,00	314,00	440,00	580,00	615,00
- Farm gate milk price (Rp/litre).	165,00	262,50	385,00	483,00	516,50
- Average consumer milk price Eq. to fresh milk (Rp/litre).	265,00	750,00	1.261,00	1.700,00	1.823,00
Total milk sold (billion Rp).	2,04	43,39	102,35	172,31	185,37
Foreign exchange saved of imported milk (billion US\$)	3,24	42,13	57,76	82,20	85,40

\*) Source : Directorate general of Livestock, 1994.

### III. GKSI CORPORATE PLAN.

#### 3.1. GKSI Mission.

Based on the GKSI by law, Article 2, the objectives of GKSI is to improve its members' prosperity, and the surround society as participating effort to the National program for the prosperity of the people based on Pancasila principles and the 1945 Constitution, through:

- a. The development and providing services to the members.
- b. Coordinating and strengthening GKSI and its members' business activities with other business partners and related institutions.
- c. Strengthening GKSI institution with and among its members, and between the members with others e.g. other co-operative movement, private sectors, state owned companies and the government institutitons.

#### 3.2. GKSI Vision.

Controlling fresh milk production and become a business partner of the milk processing industries in producing processed milk, which is strengthened by strong supporting industries which are feed material industry and dairy breeding farm which in turn could be able to increase the number of cattle ownership by farmers and the scale of business of the Primary Dairy Co-operatives.

#### 3.3. Strategy.

- a. Implementation of dairy agri-business pattern more professionally as a consolidation program in dairy business.
- b. Improvement of the business management at all levels.
- c. Application of advanced technology.
- d. Strengthening business research and development.
- e. Sophisticated and strong in management information.
- f. Development of human resources.
- g. Strengthening internal organizational.
- h. Strengthening financial resources.
- i. Strengthening acces to estabilized and to improved business partnership in dairy.

#### 3.4. Management and supervision.

GKSI organizational stucture consists of the Board of Director, the Supervisory Board and the Advisory Board in which the personal incharge are elected from and by GKSI members at the Annual Member Meeting (RAT). The Board of Director are elected once in 5 years. The Supervisory Board and the Advisory Board are elected every 3 years as stated in the GKSI by law article 13, 24 and 27 accordingly.

Based on the 12th GKSI Annual Members' Meeting held on September 1992 Yogyakarta and the 14th GKSI Annual Members' Meeting held on May 1994 in Malang, the members of the Board of Director, the Supervisory Board and Advisory Board are listed below:

The Board of Directors	
General Chairman	Hardjono Hamidjo
First Chairman	Nugrodyndho
Second Chairman	H. Sndang Sutiaryo, DVM
Secretary General	Salim Al Bakry, Ir., MBA, Ph.D.
First Secretary	Herdj Sumari, DVM.
Treasurer	Herman Sukanda, Ec.
The Supervisory Board	
Chairman	Mohamad Awan.
Member	Dawam Sastroaksono.
Member	Abdul Wahid Nur, Ir.
The Advisory Board	
	H. Bustanil Arifin, Law.
	H. Kalam Tirtorahardjo.
	H. Kadar.

In order to assist the Board of Directors in implementing their tasks at the provincial level, i.e. in the fields of organization, coordination, guiding the members and work relations with the government institution concerned, GCSI appointed GCSI Area Representative Coordinator

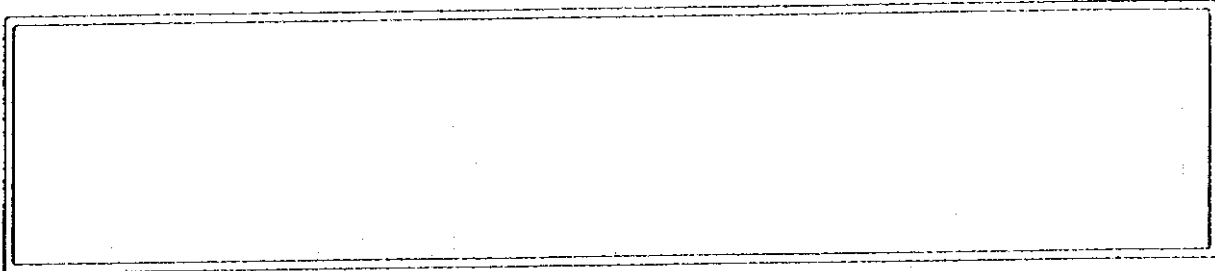
(KORWIL) as stated in GCSI by law article 19, sub-article (1).

Based on the 12th GCSI Annual Member Meeting held in September 1992 in Yogyakarta, the Representative Area Coordinator in each Provinces are:

GCSI Area Representative Coordinator (KORWIL)	
KORWIL Aceh	...
KORWIL Sumatera Utara	...
KORWIL Sumatera Tengah	...
KORWIL Sumatera Selatan	...
KORWIL Jawa Barat	...
KORWIL Jawa Tengah	...
KORWIL Jawa Timur	...
KORWIL Bali	...
KORWIL Nusa Tenggara Barat	...
KORWIL Nusa Tenggara Timur	...
KORWIL Maluku	...
KORWIL Irian Jaya	...

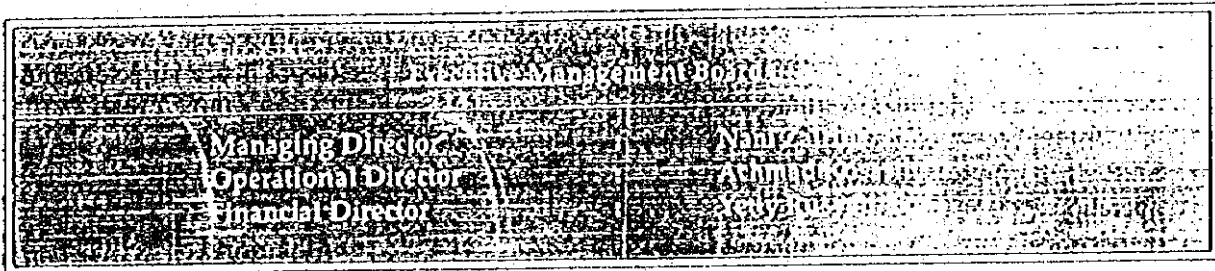
In order to assist the Board of Directors in conducting their task in the field of organizational development and business policy, Expert Staffs are appointed, in accordance with GKSI by law article 15,

sub-article (2). Based on the decision of the 14th GKSI Annual Member Meeting held on May 1994, the expert staffs are listed below:



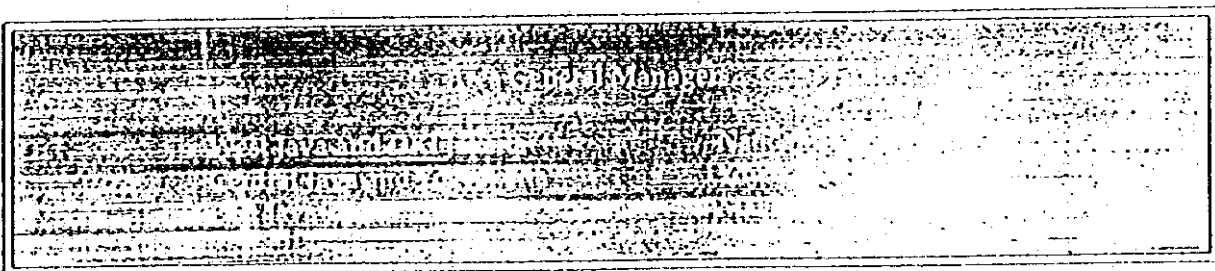
In order to assist the Board of Directors in implementing their task in managing the business, an Executive Management Board appointed with the duration period of 3 years, in accordance with GKSI by law, chapter VIII, article 15 sub-article (2) and

chapter XIII article 29 sub article (3) and was based on decision of the 14th GKSI Annual Member Meeting on May 1994 The members of the Executive Management Board are as follows:



In order to assist the Executive Management Board in implementing their business activities in the prov-

inces, GKSI appointed Area General Managers which listed below:



The Board of Directors	
Chairman	Hardjono Hamidjojo
Member	Nugroho
Member	H. Bambang Suryo, DVM
Secretary General	Sallim Al Bakry, Ir, MBA, Ph.D
First Secretary	Hedi Sumeri, DVM
Treasurer	Herpan Sukanda, Ec

The Supervisory Board	
Chairman	Mohamad Awan
Member	Dawam Sasrolaksono
Member	Abdul Wahid Nur, Ir

The Advisory Board	
	H. Bustanil Arifin, Law.
	H. Kalam Tirtorahardjo
	H. Kadar

In order to assist the Board of Directors in implementing their tasks at the provincial level, i.e. in the fields of organization, coordination, guiding the members and work relations with the government institution concerned, GKSI appointed GKSI Area Representative Coordinator

(KORWIL) as stated in GKSI by law article 19, sub-article (1).

Based on the 12th GKSI Annual Member Meeting held in September 1992 in Yogyakarta, the Representative Area Coordinator in each Provinces are:

Province	KORWIL
Sumatera Utara	H. Saiful Mujib, Ph.D
Sumatera Tengah	H. M. Hidayat
Sumatera Selatan	H. M. Hidayat
Sumatera Barat	H. M. Hidayat
Jawa Barat	H. M. Hidayat
Jawa Tengah	H. M. Hidayat
Jawa Timur	H. M. Hidayat
Jawa Selatan	H. M. Hidayat
DIY	H. M. Hidayat
Sum. Utara	H. M. Hidayat
Sum. Tengah	H. M. Hidayat
Sum. Selatan	H. M. Hidayat
Sum. Barat	H. M. Hidayat
Jawa Barat	H. M. Hidayat
Jawa Tengah	H. M. Hidayat
Jawa Timur	H. M. Hidayat
Jawa Selatan	H. M. Hidayat
DIY	H. M. Hidayat
Sum. Utara	H. M. Hidayat
Sum. Tengah	H. M. Hidayat
Sum. Selatan	H. M. Hidayat
Sum. Barat	H. M. Hidayat
Jawa Barat	H. M. Hidayat
Jawa Tengah	H. M. Hidayat
Jawa Timur	H. M. Hidayat
Jawa Selatan	H. M. Hidayat
DIY	H. M. Hidayat

In order to assist the Board of Directors in conducting their task in the field of organizational development and business policy, Expert Staffs are appointed, in accordance with GKSI by law article 15,

sub-article (2). Based on the decision of the 14th GKSI Annual Member Meeting held on May 1994, the expert staffs are listed below:

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chapter XIII article 29 sub article (3) and was based on decision of the 14th GKSI Annual Member Meeting on May 1994. The members of the Executive Management Board are as follows:

Position	Name
Managing Director	
Operational Director	
Immediate Director	

In order to assist the Executive Management Board in implementing their business activities in the prov-

inces, GKSI appointed Area General Managers which listed below:

### 3.5. Human Resources:

#### 3.5.1. Education and Training.

GKSI as business organization realizes the importance of having qualified human resources in supporting the success of the business activities. Therefore GKSI always tries to improve and develop the knowledge, skill and capability of its human resources and improve their welfare.

In 1983, GKSI has worked together with the Directorate General of Livestock Services in increasing the quality and quantity of milk production by conducting the extension of the farmers through animal husbandry technical and milk quality control training for the technical staff of KUD/Primary Dairy Cooperatives.

GKSI had sent 8 staffs to New Zealand in 1983/1984 and 1984/1985, for in milk industrial management and dairy technology training for 15 months. This program was an aid program under the Project QTA-27 of the New Zealand government in cooperation with the Ministry of Trade and Co-operative.

In cooperation with the Directorate General of Livestock Services, GKSI got an aid from the New Zealand government in 1984 and 1985 in the form of scholarships for 2 GKSI staffs and 2 Primary Dairy Co-operative staffs to take part in dairy technical services training for 4 months.

Since 1987 in cooperation with DEKOPIN, GKSI got assistances from the International Co-operative Alliance, Central Union of Agriculture Co-operatives of Japan (JA-ZENCHU) and the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF), and had sent 9 staffs of GKSI and from KUD/Primary Dairy Co-operatives to participate in the agricul-

tural cooperative trainings in India, Japan and the other Asian countries for 6 months. In addition GKSI had also sent some participants to take part in the Seminars and Workshops on cooperatives in several Asian and European countries.

In 1991/1992, the Directorate General of Livestock Services and British government has given a scholarship for a GKSI staff for a post graduate study in Reading University in England.

In cooperation with DEKOPIN, GKSI got 2 scholarships from the Denmark government (DANIDA) in 1992 and 1994 in the Overseas General Management Courses ((OGMC) in Denmark for 3 months.

GKSI also collaborates with CCA under INCODAP Project ( Indonesian Co-operative Development Assistance Program) coordinated by DEKOPIN. Within this program GKSI has already sent 8 persons to Canada for training at the International Livestock Management School for 7 weeks. Also, GKSI has sent 3 persons of Board Directors and 1 person of Managing Director for a 2 weeks Dairy Mission to Canada on October 1995.

#### 3.5.2. The welfare of the workers.

To improve its workers' welfare GKSI has given some facilities e.g. health and medical program, worker's social and security insurance ( JAMSOSTEK ), retirement program, provision of Moslem praying facility and annual holiday allowance.

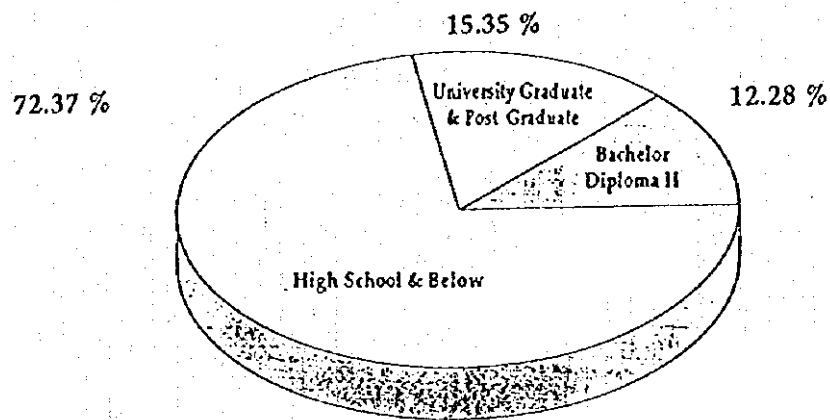
The salary which is given by GKSI to the workers is above the standard wages as stipulated in the government regulation. In addition all GKSI workers join GKSI Workers' Co-operative.

3.5.3. The number of the workers.

The number of GKSI workers by December 1994 was 228 people, consisting of 38 staffs in Head Office and 190 staffs in provincial areas. Based on their

education GKSI workers could be classified as follows: 35 people (15.35 %) university graduate and post graduate, 28 people (12.28 %) bachelor and diploma II holders, and 165 people (72.39 %) high school certificate holders or below.

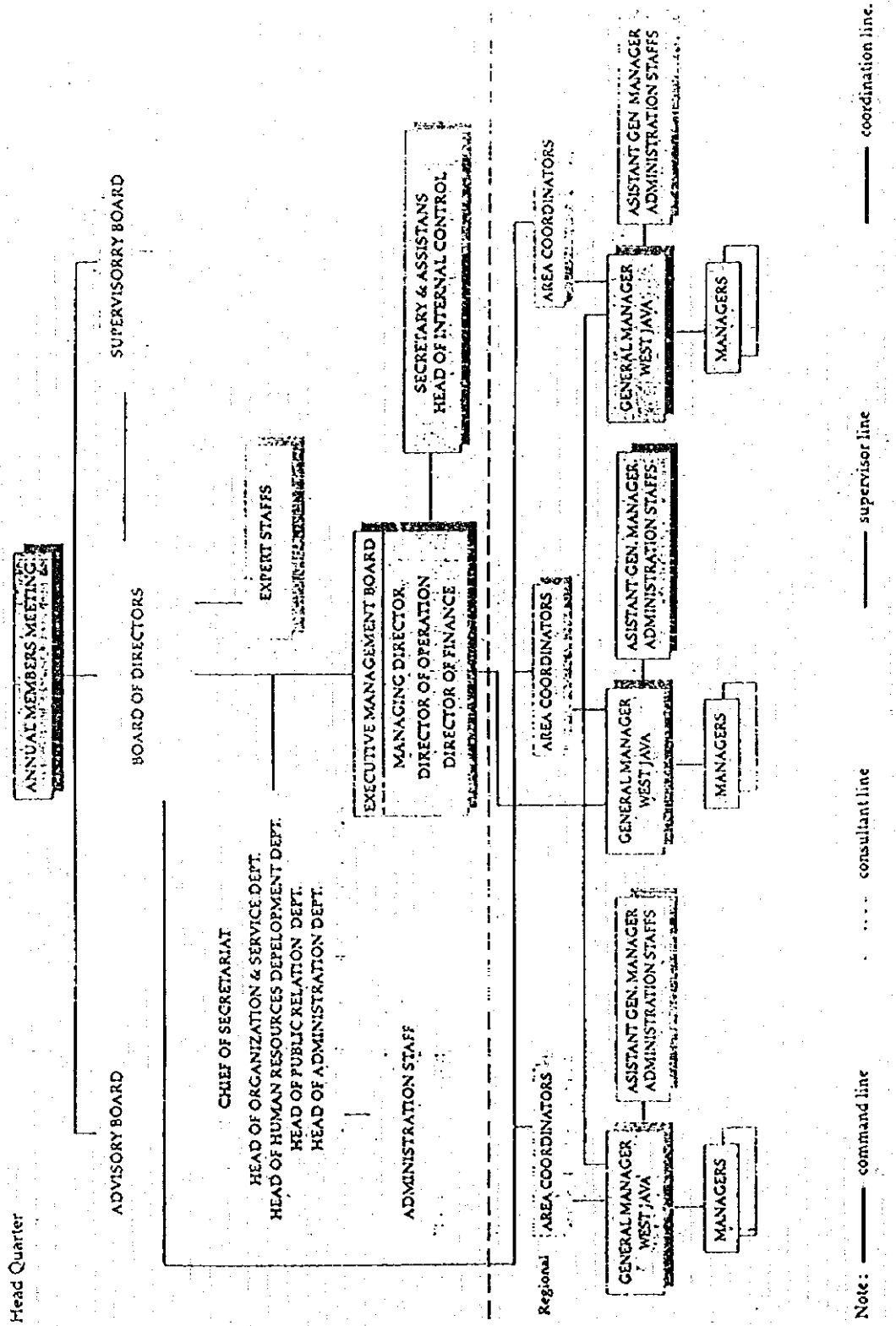
Diagram 3: The Number of GKSI Workers Based on Their Education, 1994.



Board of Directors, from left to right : Mr. Endang Suharya, Mr. Noerwyndho, Mr. Hardjono Hamidjojo, Mr. Salim Al Bakry, Mr. Hernan Sukanda and Mr. Herdi Sumeri



Diagram 4. GKSI Organization Chart



Note: — command line      .... consultant line      — supervisor line      — coordination line.

## IV. DAIRY CO-OPERATIVE BUSINESS PROSPECT.

### 4.1. General

GKSI is the only secondary dairy co-operative in Indonesia which has the function to develop and to give services to the members (KUD/Primary Dairy Co-operatives), and also to coordinate all of the members' businesses related to institutions in order to increase the dairy farmers' welfare.

Based on GKSI by law chapter XII, article 28, the GKSI business activities are to obligate and to activate the members saving fund regularly at GKSI; milk production; milk processing, milk marketing; to work together with co-operatives, and/or other related companies e.g. private companies, state owned companies in a mutual profitable businesses.

The effort to obligate and activate the members saving regularly at GKSI consists of: basic saving for KUD/Primary Dairy Co-operative on first registration as GKSI member; obligatory and voluntary savings for each member in which the amount is arranged in GKSI By-Law or in a special regulation.

Production business is covering:

- (1) Provision of breeding stock, heifer calf rearing, bull calf fattening.
- (2) Provision of supporting materials to dairy business, i.e. feed, artificial insemination, equipment as well as milk handling equipment.

Milk processing business covers:

- (1) First phase processing e.g. cooling and pasteurization
- (2) Second phase of processing e.g. condensed milk, sterilized milk, milk powder, cheese, etc, in cooperation with other companies.

Milk marketing business is covering:

- (1) Marketing of the first phase products.
- (2) Marketing of the second phase or finished product in cooperation with the other companies.

### 4.2. The growth of National Milk Consumption.

The average Indonesian population growth in the last 5 years (1990-1994) is 1.87%. In 1995 the population is about 190 million people. The economic growth also significant with the average of 6% per annum which leads to the income per capita increase to the \$ 900.

In addition, better education, better communication system, political stability has been creating good condition for Indonesian economics to grow. Consumption of goods and food are increased including milk consumption. During the last 5 years, milk consumption increased with the average of 12.8% per annum.

In fulfilling national milk consumption demands, the Indonesian dairy co-operative as the main supplier of domestic fresh milk contributes 35 - 40 % with the growth of 5.3 % per annum.

Table 2. Milk Consumption Growth 1990-1994.

Year	Population (million)	Consumption/capita (Kg)	National Consumption (000 M/T)	Domestic Fresh Milk Production (000 M/T)	Import Eq. to Fresh Milk (000 M/T)
1990	179.4	3.3	595.2	346	249.2
1991	182.7	4.2	764.3	360	404.3
1992	186.1	5.0	927.7	367	560.7
1993	189.1	5.1	966.5	413	553.5
1994	192.2	5.2	998.1	425	573.1

Sources : National Dairy Seminar in Jakarta, August 21, 1995

#### 4.3. The prospect of dairy business.

The national milk demand is continuously growing in line of the growth of population. There is a huge market for milk and there is a big space for developing dairy business in Indonesia especially in pushing domestic milk production to increase domestic

contribution to the demand.

The projected milk consumption for the year of 1995-2000, by using parameters of the average of population growth, national milk consumption and the domestic fresh milk contribution in the last 5 years, is shown in table 3.

Table 3. The National Milk Consumption Projection in 1995-2000.

Year	Population (million)	Consumption/capita (Kg)	National Consumption (000 M/T)	Domestic Fresh Milk Production (000 M/T)	Import Eq. to Fresh Milk (000 M/T)
1995	195.5	5.8	1,125.9	447.5	678.4
1996	198.8	6.4	1,270.0	471.2	798.8
1997	202.2	7.1	1,432.5	496.2	936.3
1998	205.6	7.9	1,615.9	522.2	1,093.4
1999	209.1	8.7	1,822.7	550.2	1,272.5
2000	212.7	9.7	2,056.0	579.4	1,476.6

Sources : National Dairy Seminar in Jakarta, August 21, 1995

## V. SUMMARY OF FINANCIAL DATA.

GKSI financial data during 1992 - 1994 is figured in Table 4. It was already audited by the National Auditing Services Co-operative.

Table 4. GKSI Financial Data Summary 1992-1994.

Description	31 Dec 1994 (Rp)	31 Dec 1993 (Rp)	31 Dec 1992 (Rp)
Financial position in 1 year period :			
Profit before tax	656,790,556	1,025,819,686	41,147,515
Other revenue ( - ) spending	(119,743,576)	49,764,438	100,482,380
Net profit	537,046,980	1,075,584,124	141,629,895
Financial position end of year :			
Current asset	15,833,925,610	13,719,859,817	12,502,133,748
Fixed asset	8,101,538,927	7,880,953,258	9,848,467,197
Other asset	17,931,274,632	16,880,063,033	15,275,460,176
Current debt	12,020,771,979	10,040,225,725	10,519,250,991
Long term debt	20,080,960,554	20,483,259,444	20,688,406,210
Total liability & equity	41,866,739,169	38,498,876,108	37,626,061,120

Sources : GKSI Finance Director, 1994

Jakarta, January 1996











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