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DECEMBER 1978

FINAL REPORT

PATTAYA TOURISM DEVELOPMENT

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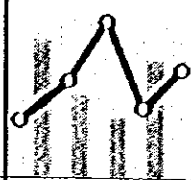



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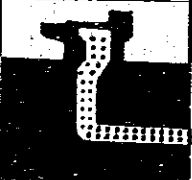
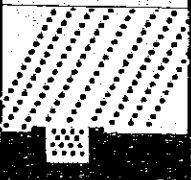
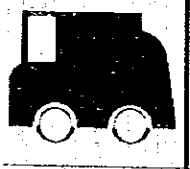




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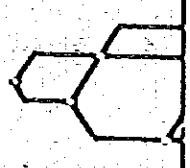



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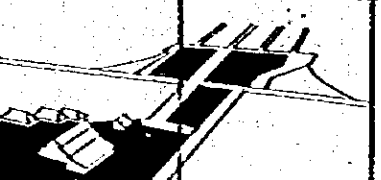
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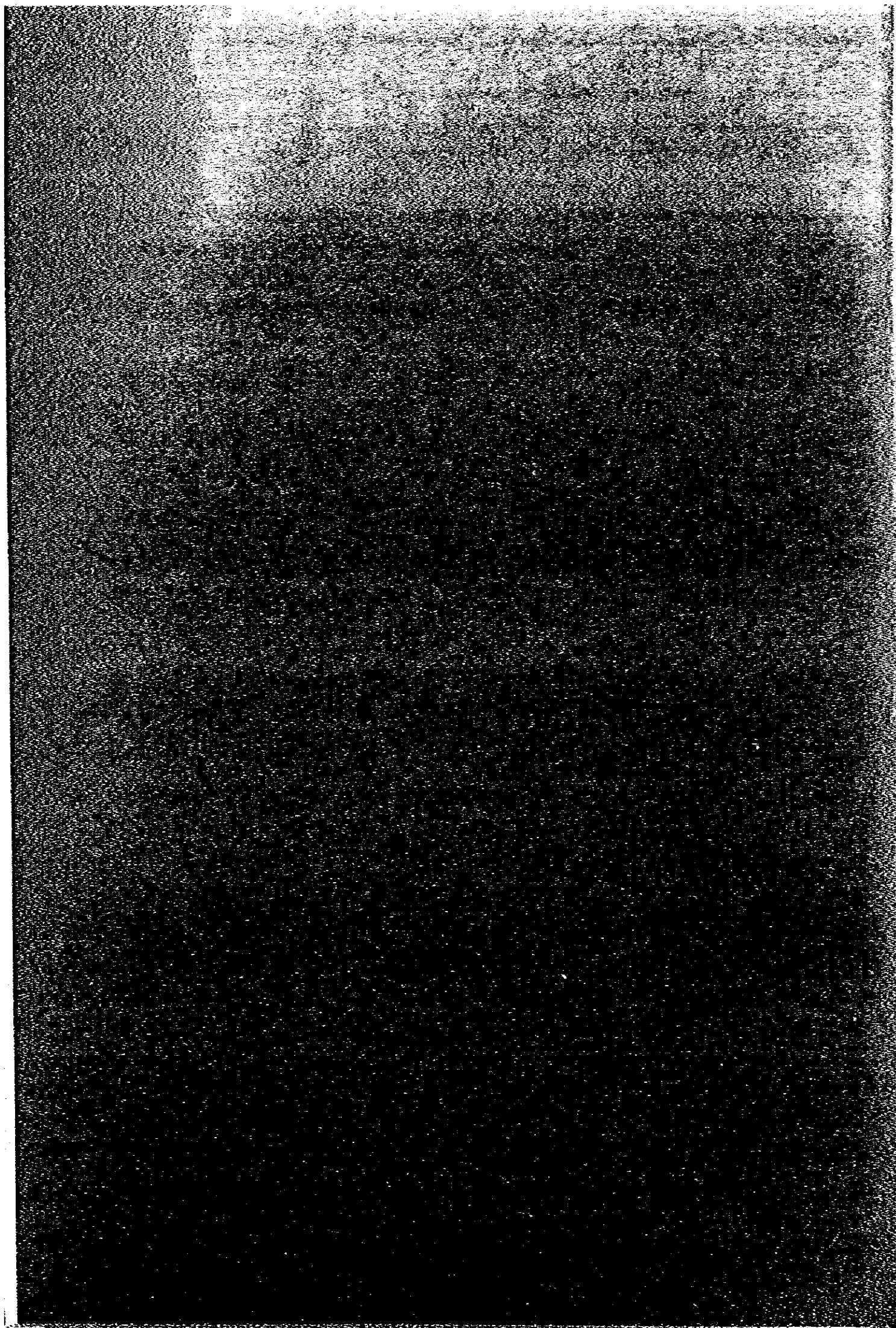
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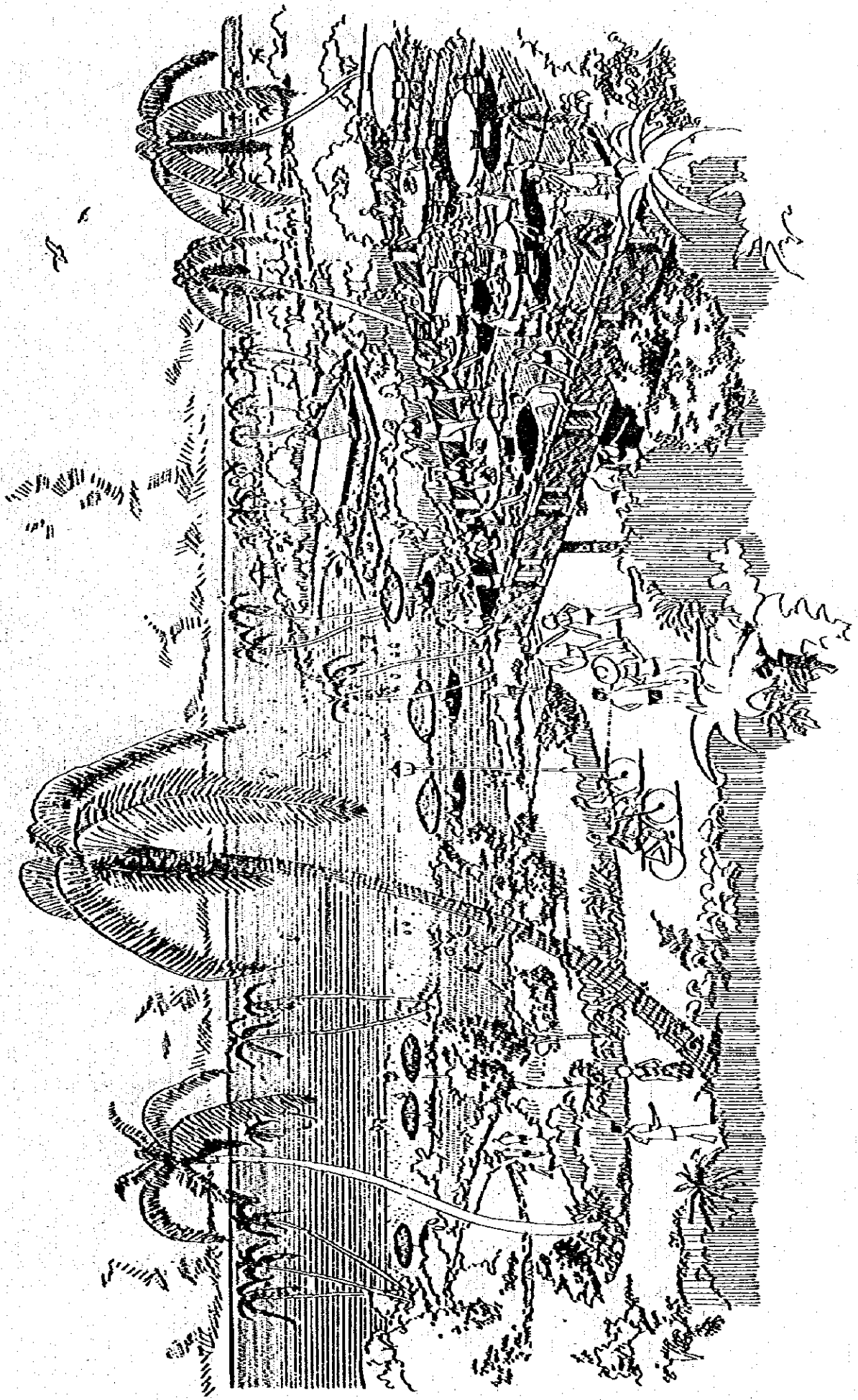
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CHAPTER 1 IMPLEMENTATION OF THE PROJECT

1.1 The Phasing of Development

In the previous chapters, the feasibility studies for the tourism and regional development of Pattaya have been presented together with the various infrastructure and other public and private investment works. The plan has been set up in line with the forecast future tourist demand of the resort and future population increases in the study area based on the Master Plan. The implementation schedule described hereafter is for the Phase 1 Project, which is planned to cater for tourist demand and population increases in the area until 1986. Detail of which has been prepared in Volume-1, Project Background. The basic schedule of the Phase-1 Project is shown on the Implementation Chart, Table 1-1.

1.2 Stage-1, Preparation Work

At this stage, major preparation work before construction will be done immediately after the establishment of basic plans on technical aspects and financial and economical evaluations of the project. This will include the establishment of an administrative organization and the negotiation on financial matters including internal and/or external loans. The final design will also be carried out together with the preparation of tender documents for local and/or international bidding, if necessary.

1.2.1 Establishment of the Project Organization

As shown in Volume 2 Chapter 2 - Organization and Management, an authorized administrative organization will be installed at the beginning of Stage-1. This organization will be responsible for the preparation work prior to execution of the project, such as:

- (1) Acting as representative for the project.
- (2) Negotiating financial and technical aid with those who are concerned to the project. The organization will be controlled by the supervisory agencies, such as the Pattaya Township and Tourist Organization of Thailand and will contact the central government and external financial lending sources.

- (3) Supervision of the final design

An internationally qualified consulting firm will make the specified final design, if necessary, under the supervision of the organization.

- (4) Control of bidding and construction

Competitive bidding not only by local contractors but also by international contractors, if necessary, will be conducted under the control and assistance of the organization.

- (5) Construction supervision

The organization will supervise the execution of construction so as to see that it conforms to project requirements and specifications.

1.2.2 Negotiation of Financial Matters

The following activities will be performed by the organization through the Pattaya Township.

(1) Cost estimation of the project

Based on the technical and financial studies, the necessary investment costs will be estimated and will be allocated to each fiscal year.

(2) Study of the Net Operating Profit

A Net Operating Profit analysis will be made by revenues and expenses including depreciation on supplied systems in all and partially.

(3) Study of financial sources

Money lending sources will be decided either or together on equity, government subsidies and loans that will be arranged through negotiations with the Central Government, local financial sources and foreign sources. Fundamental conditions for debt servicing, such as interest payment and loan repayment, will be established.

(4) Forecasting of the Balance of Payment and setting of Public Rates for Service and Annual Charges.

The balance of payments for the fiscal year will be analyzed and public rates for charges will be estimated.

1.2.3 Preparation of the Final Design

The following activities will be carried out by the organization before bidding for construction.

(1) Establishment of the schedule

A schedule will be established for implementing the project in the most effective manner, taking into account priorities of each system and technical requirements in constructions.

(2) Preparation of the terms of reference for the final design

The conditions and scope of the work will be presented in the form of Terms of Reference.

(3) Technical Aid from the Central Government.

Technical aid from the Government will be expected through the related departments of the Central Government on each system whenever necessary.

(4) Selection of consultants

If necessary, qualified consultants will be selected for the execution of the Final Design.

(5) Detailed Topography and Subsoil Survey

A detailed survey of the required accuracy of the study area will be performed to elucidate topographic, and subsoil conditions.

(6) Final Design

A final design will be completed before bidding and construction. This will include detailed engineering such as design calculations and the preparation of detailed drawings.

(7) Preparation of Tender Documents

Based on the specified conditions, tender documents will be prepared, covering general contractual conditions, technical specifications, bills of quantities and final cost estimates for the project.

1.3 Stage-2, Bidding and Construction

At this stage, bidding will be conducted using the tender documents prepared at stage-1. Construction of the project will be started based on the contracted drawings and technical specifications.

The project should be divided into several contracts in such a way as to get maximum efficiency. Invitations for bids for the first project contracts should be advertised during the first quarter of 1980.

1.3.1 Bidding and Construction

(1) Project Grouping

The project should be divided into several contract groups considering the character, kind and size of the construction.

(2) Prequalification of Contractors

Prequalification of contractors should be conducted during the first quarter of 1980 not only for local bids but also for international bids.

(3) Tendering for the Contract

Tendering for the contract should start during the first quarter of 1980. Negotiation and evaluation of offers would be made with the tenderers with assistance from the consultants.

(4) Starting of Construction

Major constructions should start by the beginning of third quarter of 1980. Most of the remaining work should be started by the beginning of calendar 1981 based on the construction schedule.

(5) Urgent Problems

Urgent projects should be defined and executed according to the need.

(6) Construction Supervision

Construction supervision would be done by the organization with the assistance of the consultants.

(7) Starting of operations

Normal operations could start after the completion of executions; however, some of them could be in partial operation before the completion of all constructions.

Table 1.1 SCHEDULE OF IMPLEMENTATION

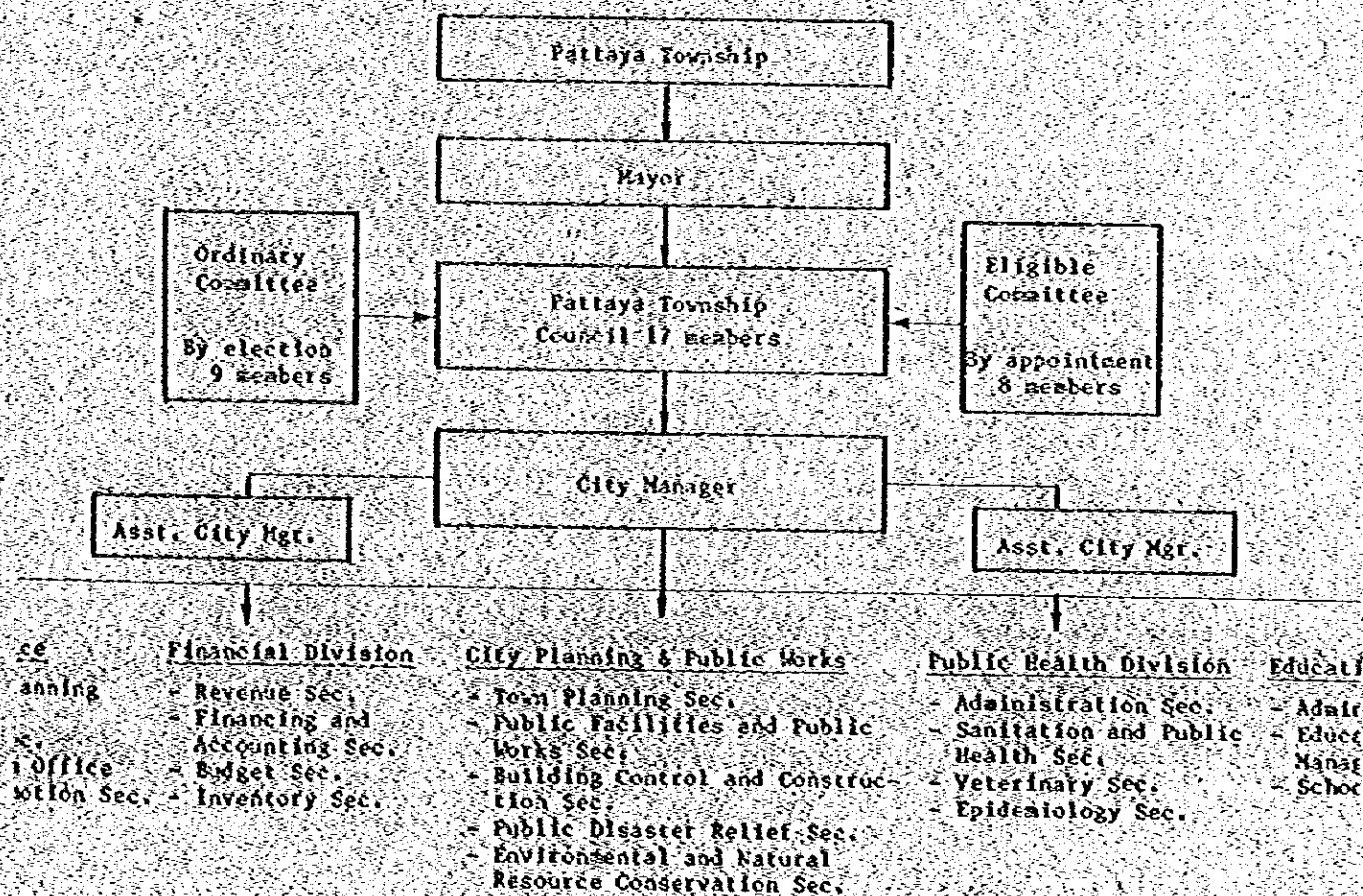
PATTAYA TOURISM DEVELOPMENT PROJECT	LEGEND											NOTE
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FOR INTERNATIONAL COMPETITIVE BIDDING												
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WATER SUPPLY SYSTEM												
PORT FACILITIES												
SERVICE FACILITIES												

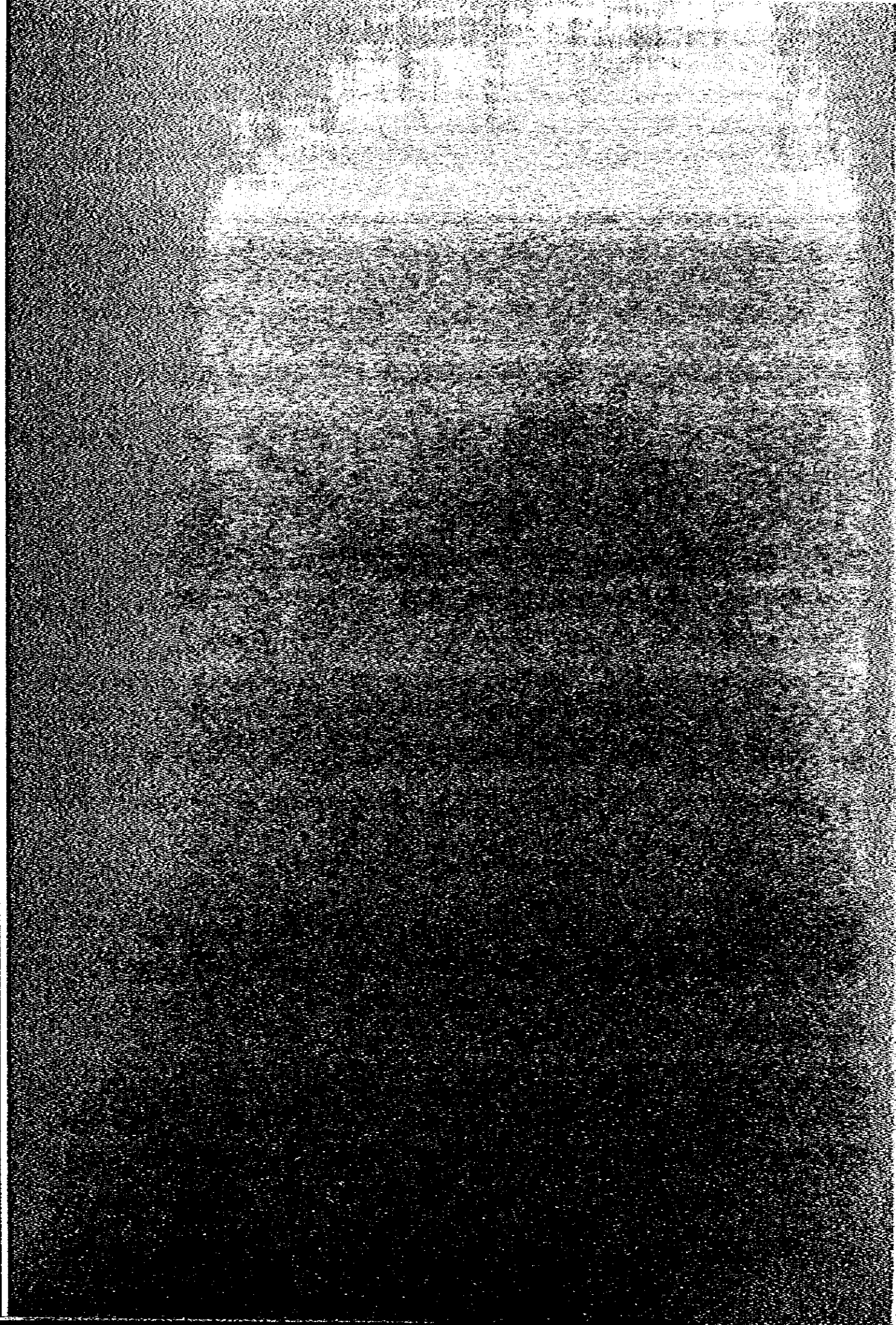
CHAPTER 2

ORGANIZATION AND MANAGEMENT



1. NATIONAL ORGANIZATION
2. PATTAYA TOWNSHIP
3. PRIVATE ORGANIZATIONS
4. ORGANIZATION FOR PROJECT EXECUTION AND OPERATION
5. ANCILLARY PREPARATIONS





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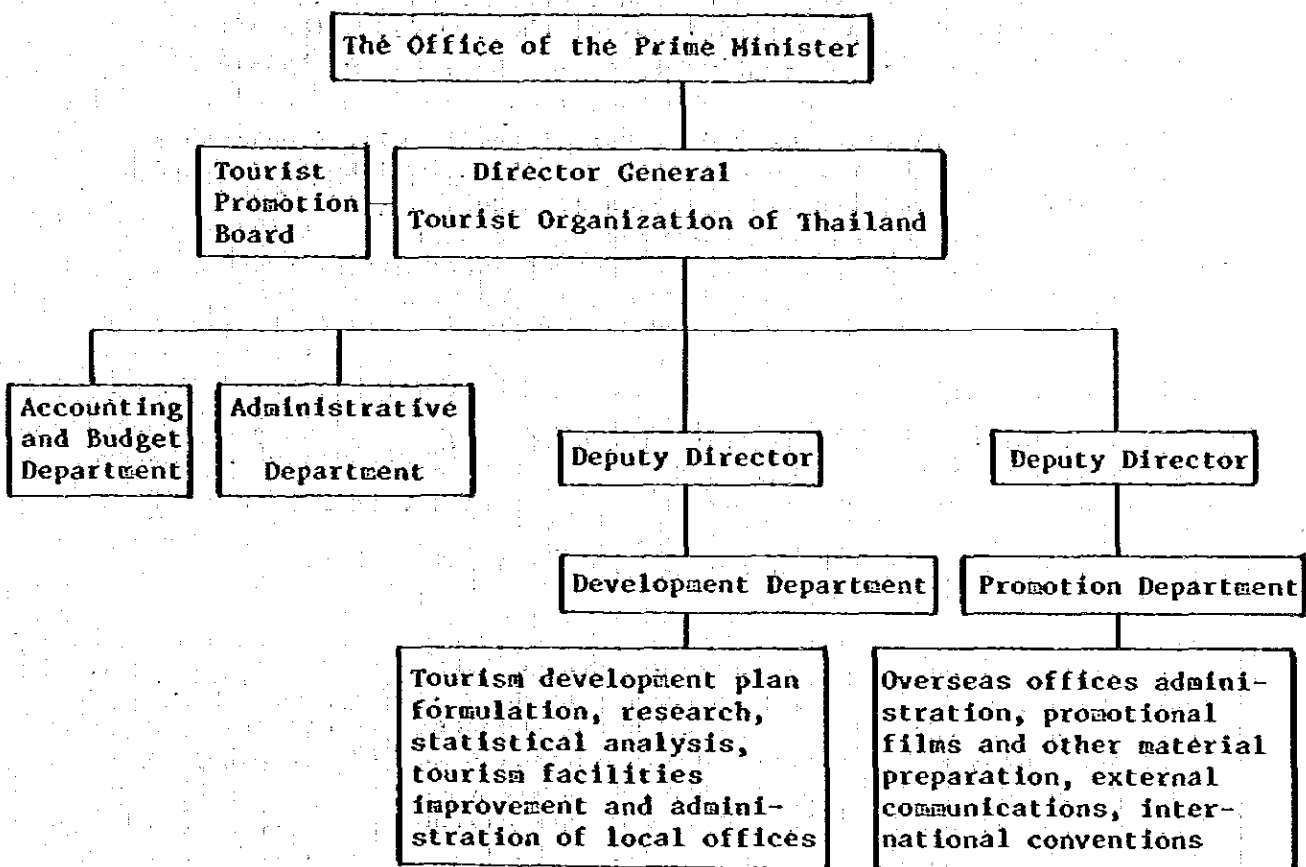
CHAPTER 2 ORGANIZATION AND MANAGEMENT

2.1 National Organization

2.1.1 Current Structure of the Tourist Organization of Thailand

The official organization in charge of tourism in Thailand at the present is the Tourist Organization of Thailand (T.O.T.), which was established in 1959 for tourism promotion, directly under the Office of the Prime Minister. The structure of T.O.T. can be summarized as presented below.

Fig. 2.1.1 Structure of T.O.T.



(Source) T.O.T.

The tourist promotion board is established for the purpose of formulating T.O.T. activity policies, with the Minister attached to the office of the Prime Minister as the Chairman, and the Minister of the Interior, the Director General of the Budget Bureau, the Director General of the National Economic and Social Development Board (NESDB), and the heads of other relevant ministries and agencies as the committee members.

The T.O.T. is largely divided into two general areas of responsibility.

One of the two is the Promotion Department. As a result of their efforts and the efforts of their overseas offices, the number of international tourists visiting Thailand has rapidly increased in recent years. The establishment of new overseas offices has been planned in addition to the eight now existing in Europe, North America, Australia and Asia. This department prepares promotion films, news letters, posters, brochures, and other materials for the dissemination of information on Thai tourism and distributes them to interested organizations and individuals, mainly through the overseas offices, promotes tourism by offering sales seminars, and promotes the holding of international conventions in Thailand.

The other area of responsibility is covered by the Development Department, which evaluates international and domestic tourist destinations in Thailand and formulates plans for their development. This Department also undertakes surveys to obtain tourism data and analyzes such data. The local offices (six offices) of the T.O.T., which offer information to tourists in Thailand, are administered by this department.

The Development Department of T.O.T. formulates tourism development plans but has no authority to execute such plans, which are forwarded to the relevant ministries and agencies as merely suggestions for implementation subject to their agreement. Regulatory controls recommended by the T.O.T. are also left to the relevant ministries and agencies for enforcement.

2.1.2 T.O.T. Budget

As shown on Table 2.1.1, the total budget of T.O.T. grew by 2.3 times during a period of four years, from 27.6 million baht in 1974 to 63.6 million baht in 1978. The average annual increase rate has been 23%.

Table 2.1.1 Trend of T.O.T. Budget

Year	Development & Promotion		Administration		Total	
	Amount (Mill. Baht)	Composi- tion (%)	Amount (Mill. Baht)	Composi- tion (%)	Amount (Mill. Baht)	Composi- tion (%)
1974	22.7	82.2	4.9	17.8	27.6	100.0
1975	25.9	83.3	5.2	16.7	31.1	100.0
1976	37.4	84.4	6.9	15.6	44.3	100.0
1977	42.5	80.8	10.1	19.2	52.6	100.0
1978	52.2	82.1	11.4	17.9	63.6	100.0

(Source) T.O.T.

As is shown in Table 2.1.2, which shows the breakdown of the T.O.T. budget for 1978, approximately 65% of the budget is allocated to tourism promotion, while about 18% is allocated to administrative expenses to pay T.O.T. staff (402 as of June 1978) and other overhead costs.

The tourism development budget is 7.8 million baht, or 12% of the total budget; about 45% of the 7.8 million baht is to pay for the feasibility studies of Pattaya and Phuket.

It is because development projects are left up to individual ministries and agencies for implementation that the development budget of the T.O.T. is as small as indicated.

Table 2.1.2 Annual Budget of the T.O.T. (1978)

Departments	(Million Baht)	(%)
Administration	11.4	17.9
Promotion	41.2	64.8
Development (Planning)	7.8	12.3
Research (Statistics)	1.2	1.9
Training, etc.	1.8	2.8
Others	0.2	0.3
Total	63.6	100.0

2.1.3 Reorganization of the T.O.T.

When a national organization for tourism is equipped with no authority for the implementation of tourism development projects, as is the case of the present T.O.T., the execution of systematic development is generally difficult. Reorganization of the T.O.T. into an Authority would be an effective way of overcoming this difficulty. Both the 1976 IDC Report 1/ and the 1977 JICA/TOE Report 2/ recommended that the T.O.T. be remodeled into an organization equipped with authority to implement tourism development projects.

Note: 1/ This report was titled "National Plan on Tourism Development."

2/ This report was titled "Master Plan for Pattaya Tourism Development."

Also, the T.O.T. itself has made continuous efforts for its own reorganization during the past several years. The aim of this reorganization plan is to ensure that the T.O.T. becomes deeply involved, directly or indirectly, in the tourism industry as a whole with the authorities as enumerated below. The status of the new organization will be an "authority," as it will be called the "Tourism Authority of Thailand".

- Tourism promotion, the issuing of promotion materials
- Tourism master plan formulation and the development of tourist destinations
- Tourism industry control
- Management of tourism businesses (if necessary, to an extent not to competition with private industry)
- Establishment of joint-venture businesses (tourism business, infrastructure)
- Obtaining of bank loans and issuance of bonds
- Collection of necessary data and information from the private sector and other sources

- Adjustment, coordination, and coalition with the projects of other government agencies and private domestic and foreign capital
- Other activities provided for by the law

The said reorganization plan was principally approved by the Cabinet on October 1978, and it is now in the process of preparation before submitting to the Parliament.

2.2 Pattaya Township

2.2.1 Objectives of Establishment

The establishment of Pattaya Township was first conceived in 1976 to cover the Na Klua Sanitary District and parts of Huay Yai and Nong Prue Districts. Vigorous efforts are currently being made to prepare for the establishment of this new local administrative jurisdiction by about October, 1978. A summary of Pattaya Township based on the plan as it stood as of the end of June, 1978, is as follows. The concept of this establishment of Pattaya Township is based on three main objectives:

- To modify the system by introducing a city manager into the local administration
- To enhance the local administrative power sufficiently to meet the security, environmental, housing, and sanitary requirements which tourism calls for
- To increase local government revenues.

As these objectives indicate, Pattaya Township, when established, will be an entirely new type of local administration which takes into full consideration the strategic development of tourism. This improvement of local government organization almost perfectly conforms with the aim of this project and is valued as fundamentally epoch-making.

2.2.2 Organization

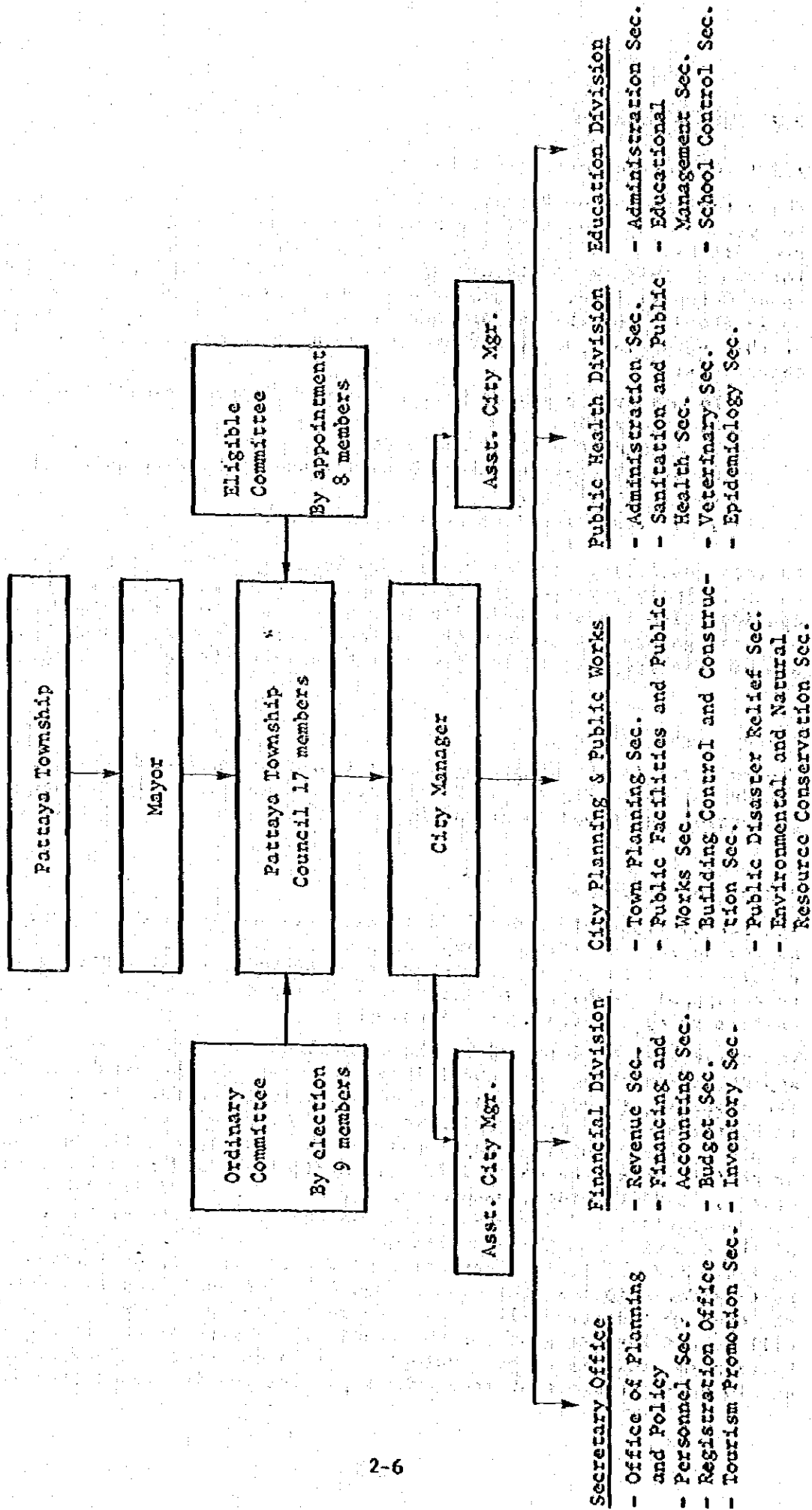
Figure 2.2.1 is the organization chart of Pattaya Township as drawn from the draft, while Figure 2.2.2 presents procedures for appointing components of the township hierarchy and their duties and authority.

2.2.3 Township Council

The Pattaya Township Council is to establish policies and regulations as the supreme decision making organ of the Township. This council is to consist of seventeen members with terms of four years, eight members to be appointed by the Minister of Interior and another nine members to be elected by the local people.

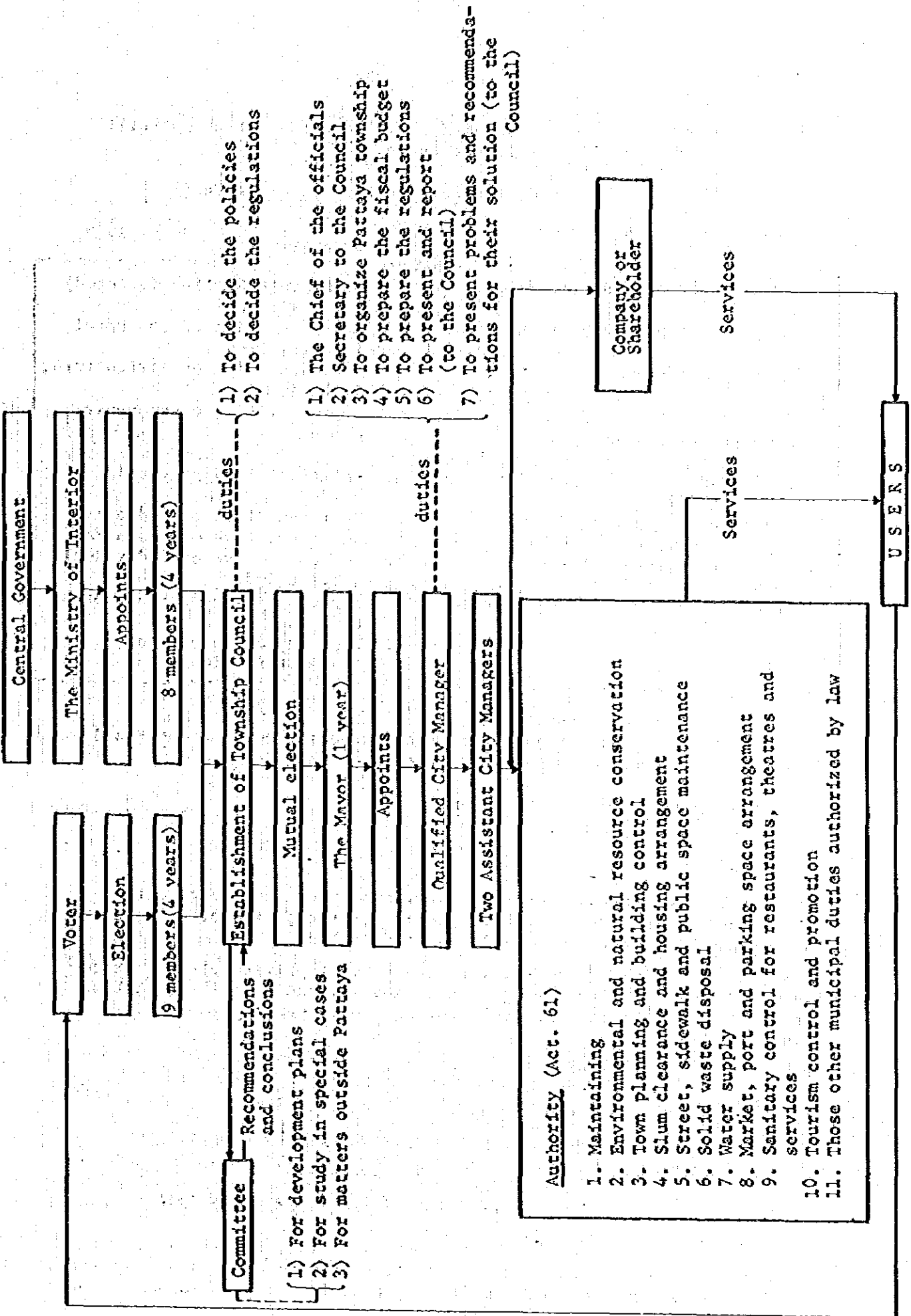
The Mayor will be selected by the council as the ceremonial head of the aspect of Township. For the initial two years of the establishment of the Township, however, members from the private sector will be appointed by the Minister of Interior instead of being elected by the local people. Members will be appointed to represent such following business or activities as the hotel industry, agriculture and fisheries, handicrafts, tourist guides, manufacturing, restaurants, individual services, transportation, and free-lance professionals. Therefore, the structure of the council upon the establishment of the Township will be as shown on Table 2.2.1. It is a natural consequence from the objectives of Pattaya Township that the members who will represent the interests of the tourism industry will be as many as six out of the seventeen, or will be the largest group on the council. In view of the fact that Pattaya Township is to be developed as a beach resort, however, it should be desirable that those who represent the interests of utilization

Fig. 2.2.1 Organization Chart of Pattaya Township (Draft)-1



(Source) Compiled by the study team from the draft of the establishment of the Township.

Fig. 2.2.2 Organization Chart of Pattaya Township (Draft)-2



of the sea (port and harbor-based industries and tourist ships) will be become members in addition to the above.

Table 2.2.1 Proposed Structure of the Council (Draft)

June, 1978

From Government Sector (appointed)	From Private Section (elected)
1. Chief of Amphoe Bang Lamung (MOI)	1. Representative of the hotel industry
2. Representative of Department of Local Administration (MOI)	2. Representative of agriculture, fisheries
3. Representative of Town and Country Planning Dept. (MOI)	3. Representative of souvenir shops
4. Representative of Police Dept. (MOI)	4. Representative of tourist guides
5. Representative of NESDB	5. Representative of industry
6. Representative of T.O.T.	6. Representative of restaurants
7. Representative of National Environmental Board	7. Representative of individual service ind.
8. Representative of Budget Bureau	8. Representative of transportation ind.
	9. Representative of free-lance professionals

Note: MOI: Ministry of Interior
 NESDB: National Economic and Social Development Board
 TOT: Tourist Organization of Thailand

(Source) Ministry of Interior

2.2.4 Personnel Plan

Administration of Pattaya Township functions under the management of city manager assigned by Township Council for the period of 4 years and 2 Assistant Managers who will assist City Manager.

Qualification of City Manager is, in the case of private person, executive of corporation with 100 or more employees, and 10 million baht or more capital, in the case of civil servant, high ranking government administrator.

Duties and authorities of City Manager are:

- to prepare plans and submit to the council
- to prepare and implement plans approved by the council
- to prepare the annual budget and regulations
- to prepare solutions of problems of the Pattaya Township
- to prepare annual report

Necessary Pattaya Township staff and personnel will be secured through the appointment of the current forty-two Na Klua Sanitary District personnel and some of current personnel of Amphoe Bang Lamung to the Township and the dispatch of other necessary staff and personnel from the Central Government agencies and other municipalities by the order of the Ministry of Interior. According to the Pattaya Township Establishment Preparatory Committee's estimation, the number of the Township staff and personnel including the City Manager and the Assistant City Managers will be 121 in total (see Table 2.2.2), which is 2.9 times greater than the current number of staff of the Na Klua Sanitary District and is, therefore, a substantial improvement. Yet, proportionally the 121 personnel are estimated to be only 0.3% of the total population of the Pattaya area (about 45,000 in 1978) and this seems to be insufficient for handling the necessary administrative services for the inhabitants as well as the tourist facilities. Particularly, the Town Planning and Public Works Division, which will play an extremely important role in the implementation of this project, will have only 11 personnel, which is believed to be totally insufficient and should be increased without delay.

Table 2.2.2 Structure of Township Officials (Draft)

City Manager	1
Assistant City Manager	2
Secretary Office	27
Financial Division	19
Town Planning and Public Works Division	11
Public Health Division	23
Special Labor	20
Fire Station	18
Total	121

(Source) Ministry of Interior

2.2.5 Budget Plan

One of the major significances of the establishment of the Township is that it will be established with the authority to levy taxes and, therefore, will have a strong financial base.

The Township revenue will largely consist of its own tax receipts and subsidies from the Central Government. The Township tax and other revenue are estimated to total about 38 million baht (27 million baht from the house/land tax, 0.4 million baht from the motor vehicle tax, and 5 million baht from alcoholic, slaughter, and amusement taxes etc.), as shown in Table 2.2.3. It is expected that a subsidy of 30 million baht will be granted by the Central Government each year. The total Township revenue of 68 million baht from taxes and subsidies is a fairly large one in view of the fact that the total revenue of Chonburi municipality is only 26 million baht.

In the first fiscal year that starts from October 1978, however, subsidy from the Central Government will be only 0.5 million baht. As a result, the Township revenue will be 38.5 million baht in 1979 fiscal year.

As for expenditure, eight million baht have been planned for personnel and administrative expenses and the remaining 60 million baht will probably be dedicated to the fundamental purposes of the establishment of Pattaya Township, i.e., security, environmental, housing, and sanitation requirements in connection with tourism (see Table 2.2.4).

Table 2.2.3 Pattaya Township Revenue Plan (Draft)

Source	Revenue Amount
	(mil. baht)
Tax on house and land	27.0
Tax on motor vehicles	0.4
Various taxes, Note: 1	5.0
Subsidies for education	4.0
Others, Note: 2	1.4
Sub-total	38.0
Special subsidies from the Central Government	30.0
Total	68.0

(Source) Ministry of Interior

- Notes: 1. Various taxes: alcoholic tax, slaughtering tax, amusement tax, etc.
 2. Others: income from Township assets, income from businesses by the Township, etc.

Table 2.2.4 Pattaya Township Expenditure Plan (Partial)

Purpose	Expenditure Amount
	(mil. baht)
Salaries	2.2
Office maintenance	1.9
Materials	1.9
Furniture & equipment	1.2
Compensation	1.3
Total	8.6

(Source) Ministry of Interior

2.2.6 Public Corporations and Joint-Venture Companies

In addition to the twenty sections of the five divisions, Pattaya Township may establish a public corporation or corporations and/or a joint-venture company or companies for the accomplishment of its purposes. The establishment of such organization(s) can be established based on Articles 72 and 73 of the Pattaya Township Act.

**(a) Joint-Venture Business by the Township and Private Enterprise(s)
(Article 72)**

Pattaya Township may enter into a joint-venture business with a private organization, subject to:

- The purpose of the private company being to conduct public business,
- A majority equity ownership by the Township,
- The approval of Pattaya Township, and,
- The approval of the Ministry of Interior.

(b) Joint-Venture Business by the Township and other Government Agencies (Article 73)

Pattaya Township may enter into a joint-venture business with other government agencies by establishing a public corporation. The Executing committee consists of representatives of the Township and other agencies concerned.

2.3 Private Organizations

2.3.1 Pattaya Tourism and Trade Promotion Association

The Pattaya Tourism and Trade Promotion Association presently is the only private organization for tourism which exists in the Pattaya area. This association's membership largely consists of hotel representative, while it includes some large travel agencies.

Membership fees are being paid to the association monthly in proportion to the number of rooms. Although nothing definite is known because the accounts of the association are closed to the public, information indicates that the membership fee for this year is 200 baht per room per month.

The associations activities include exchanges of information by the industry and promotional efforts. The association is a regular member of various committees on tourism development in Pattaya as a representative of the private sector to such committees. This association cooperates closely not only with the government agencies but also with the community as well.

2.3.2 Other Tourist Related Association

In addition to hotels and travel agencies, such tourism industries as restaurants, tourist ships, souvenir shops, and transportation are observed to be operating in Pattaya area. Companies or individuals in these industries operate separately, apparently with no intention of being organized into a group which will seek benefits for the industry as a whole.

It is believed that to organize such industries into associations and/or cooperatives will have a fairly important significance and will bring about a number of advantages. The benefits to the government will be that government policies or regulations will be easily disseminated and reach individual enterprises through associations and cooperatives, that such organizations will offer effective means of knowing the actual status and conditions of each industry, and that the general sentiments, inclinations, and intentions of the entire industry can be known without delay.

On the other hand, the benefits of such organizations to the industries themselves will be that, through such organizations, a consensus of the industry can be obtained, that investment incentives offered by the Board of Investment (BOI) may be enjoyed, and that, being organized, the industry will have greater influence and a stronger base for negotiation.

Inasmuch as both the government and private industries will benefit from the organization of industries into associations or cooperatives, as seen above, it should be aggressively promoted to the realization. Although the master plan has recommended the enforcement of the Pattaya Tourism and Trade Promotion Association and the inclusion of all other industries into this Association, it is feared that such an all-inclusive organization would face difficulties in view of the substantial existing gap between large and small enterprises. Rather, it should be more desirable that individual operations be grouped into a number of organizations by industry for the time being, and later merged into a comprehensive organization in the future when the benefits of their consolidation is apparent.

2.4 Organization for Project Execution and Operation

2.4.1 Necessity

This section, which will discuss the organization to be charged with the responsibility of implementing the Pattaya project, will first attempt to identify the needs or justifications for the forming of such an organization.

(a) An Organization for Centralized Administration and Management

In the first place, such an organization is needed for the most important systematic execution of the project in such a manner as to appropriately position the water supply system, sewerage system, road and streets, storm water drainage system, solid waste disposal, the port and marina, and the amenity cores in an integrated tourism complex, so that overall development effects will be accomplished. The existing system, under which individual projects are subjected to the judgement and are implemented separately by a variety of competent government agencies, offers little probability of construction work being carried out in strict accordance with the project plans. From this view point, the establishment of an organization for centralized administration and management of this plan, which consists of projects falling under the jurisdiction of a number of government agencies, will be essential to the achievement of the objectives set forth in the above.

(b) An Organization Capable for Development Funds

Public investment for the execution of the project during the period from 1979 to 1986 will reach an estimated total of about 1,800 million baht, or an annual average of 225 million baht. The magnitude of such investments can be clearly understood when compared with the total 1978 budget of the T.O.T. of 63 million baht and the estimated total revenue of Pattaya Township of 68 million baht under the plan. Furthermore, from 20 to 30% of the said public investments will be in foreign currency, which may not be easily generated from sources within Thailand but will have to be secured from overseas financial institutions. Such institutions ordinarily require the fund recipient to possess an adequate organizational capability as one of the conditions for the loan of tourism development funds. That is, the establishment of a core organization for responsible management of construction, operation, and loan fund collection under the framework of the project package would be a precondition for such loans.

Thus, the establishment of organization of a body for the project implementation will be indispensable from the standpoint of project execution on one hand and for the facilitation of securing foreign loans on the other hand.

An organization performing such functions as discussed above is non-existent in Thailand at the present, and, therefore, such an organization must be newly established. However such a body may be organized, it will directly execute or, if rationale warrants, have outside organizations execute, a series of duties to include the formulation of policies for the implementation of the Pattaya project as summarized in Table 2.4.1 (a), the approval of each project, architectural and other design drawing, contracting, construction, disbursement, fees and collection of charge, and other financial matter.

Necessary actions for implementation of the Project is presented in Volume 2, Chapter 1.

Table 2.4.1 (a) Summary of the Project

Project Title	Construction Cost (mil. baht)	Administration Cost (mil. baht)	Administration Personnel Needed (persons)
Water supply	354.0	27.4	38
Sewerage	192.1	19.9	29
Roads & streets	323.1	26.0	15
Storm water drainage	43.7	5.6	
Solid waste disposal	22.1	13.1	95
Port Facilities	59.0	6.2	11
Amenity core, etc.	388.0	30.8	91
Project management	-	-	61
Total	1,382.0	129.0	340

2.4.2 Alternative Study

As the first step in formulating a recommendation for the project execution organization, possible alternatives under the existing legal and administrative frameworks could be identified and evaluated. The following three alternatives are possible under the current laws.

- Alternative I Direct execution by the Pattaya Township
- Alternative II A company to be established by joint investment by the Township and private capital.
- Alternative III A public corporation to be established by joint investment by the Central Government and the Pattaya Township.

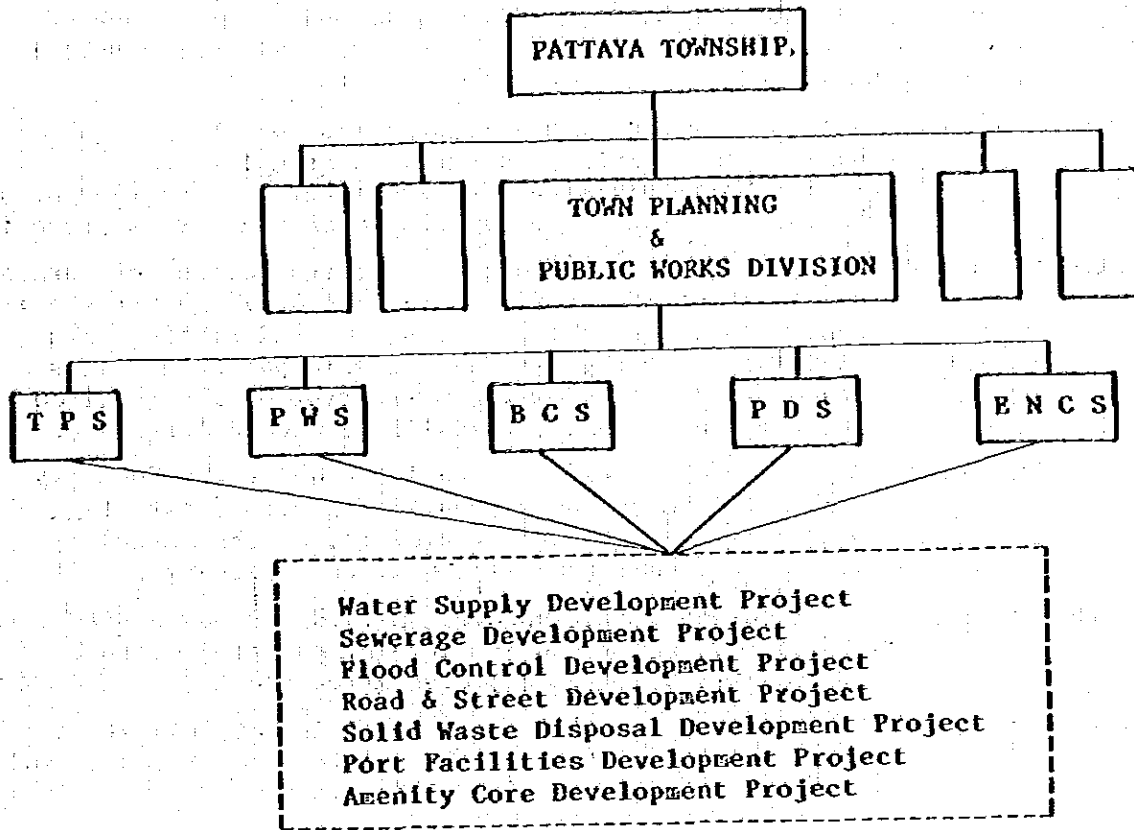
Based on the functions of Table 2.4.1 to be performed by the organization, the following four criteria could be used in the evaluation of these alternatives:

- Degree of ease of establishment: (1)
- Degree of ease of securing staff and other personnel: (2)
- Degree of ease of fund generation : (3)
- Credibility in the eyes of international financial institutions : (4)

Evaluation of the three alternatives against these four criteria are as follows:

- (a) Alternative I : Direct execution by the Pattaya Township

Fig. 2.4.1 ORGANIZATION CHART OF ALTERNATIVE I



Legend

- | | |
|------|---|
| TPS | Town Planning Section |
| PWS | Public Facilities and Public Works section |
| BCS | Building Control and Construction section |
| PDS | Public Disaster Relief section |
| ENCS | Environmental and Natural Resource Conservation Section |

The organization for the direct implementation of the Projects by the Pattaya Township will be as shown by Fig. 2.4.1, under which each of the sections which comprise the Town Planning and Public Works Division of the Township will implement each of the projects.

Criterion One: This system can be easily organized by strengthening some of the sections in the Town Planning and Public Works Division (for instance, the creation of a "Harbor Section" to be in charge of the marina project).

Criterion Two: In view of the fact that the required number of personnel is about 350 (refer to Table 2.4.3) against the 11 contemplated for the Town Planning and Public Works Division under the Pattaya Township personnel plans (refer to Table 2.2.2), the securing of the required staff and other personnel will be rather difficult.

Criterion Three: The funds which will be available under the Township budget will cover only about 25% of the first stage construction cost, and, therefore, a substantial Central Government subsidy will be necessary.

Criterion Four: Any international financial institution may hesitate to give a loan for a tourism development project to be implemented by local administration alone.

Overall Evaluation: The system of Alternative I is not believed to be capable of performing the required functions in full in view of its inherent deficiencies:

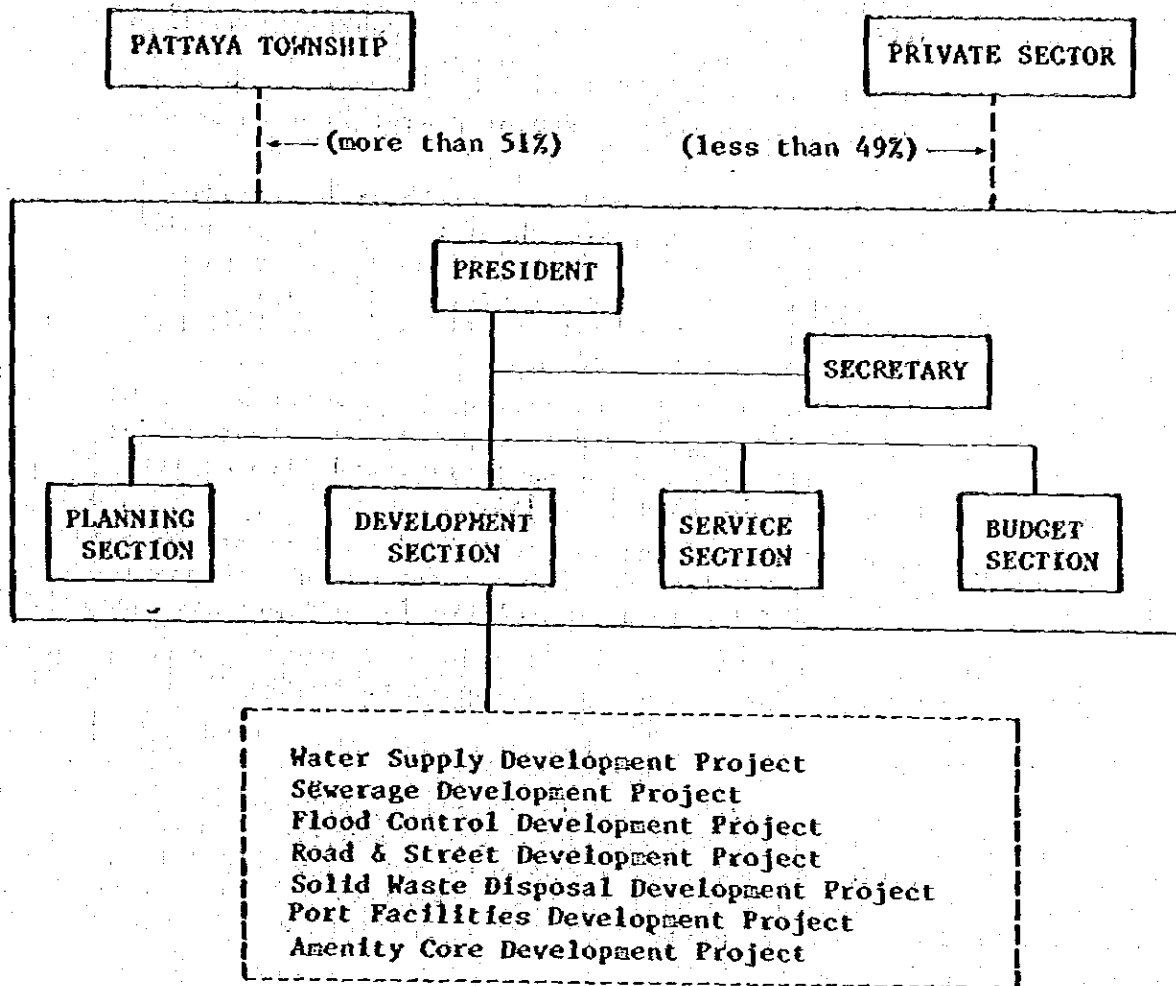
- When both the routine administrative functions and Pattaya Project implementation are done by the same personnel of the Town Planning and Public Works Division, it will be difficult to draw distinct lines between the two functions and the management of the project will be difficult, whose scope will become ambiguous.
- Both the personnel and the budget funds of the Township will be insufficient for the required project implementation, and, if this deficiency is to be corrected, the Pattaya Township plan itself will have to be basically reodeled.
- If a local administration to be newly established is required to execute a big project from the time of its inauguration, it will be apt to neglect its ordinary routine administrative functions.

(b) Alternative II: A Government-Private Joint-venture Company

If a government-private joint-venture company is to be established with a majority of the shares held by the Pattaya Township under the provision of Article 72 of the Pattaya Township Act (see 2.2.6 above), the organization of such a company will be as presented by Figure 2.4.2. This company is evaluated as follows:

Criterion One: The establishment of such a joint-venture company will depend on whether or not the required private capital investment can be secured. But, in view of

Fig. 2.4.2 ORGANIZATION CHART OF ALTERNATIVE II



the fact that the profitability of the joint-venture will be too low and the time needed for the recovery of invested capital will be too long it will be difficult to attract any private capital investment because the first phase projects will chiefly pertain to the construction of the infrastructure, many of which will require no fee or charge from those who will utilize the facilities.

Criterion Two: The joint-venture will most probably be manned by personnel borrowed from the township and from the participating private enterprises and with those to be recruited by the joint-venture company. This alternative is the best of all as far as this particular criterion is concerned.

Criterion Three: Funds will be generated from both Pattaya Township and participating private capital, and about 50% of the construction cost may be financed with capital investment by those parties.

Criterion Four: International financial institutions will attach only a low credibility to such a joint-venture company to be formed by a local administration and private capital.

Overall Evaluation: The establishment of a joint-venture company under this alternative is not believed to be feasible.

(c) Alternative III : A Public Corporation

Under this alternative, a public corporation is to be established jointly by Pattaya Township and other government agencies in accordance with the provision of Article 73 of the Pattaya Township Act (see 2.3.6 above) for the execution of the Pattaya project. The structure of such a public corporation will be as shown by Figure 2.4.3, and the alternative is evaluated as follows:

Criterion One: While public corporations can be established generally with little difficulty, the establishment of a public corporation in this case will entail a process of coordination in the selection of central government partner(s) from among the numerous agencies which will participate in the Pattaya project.

Criterion Two: It will be possible to secure the necessary personnel from government agencies whose strength includes various professionals, by channeling the request through a decision organ of a high order.

Criterion Three: The securing of necessary funds will most likely be possible.

Criterion Four: The public corporation to be established under this alternative will be substantially similar to those project implementation organizations to which international financial institutions have actually loaned tourism development funds.

Fig. 2.4.3 ORGANIZATION CHART OF ALTERNATIVE III

Overall Evaluation: This will be the only one of the three alternatives which satisfy the four criteria, subject to the conditions to be discussed later.

