

# Injecting life into tourism

With more and more tourists going under the knife, medical-tourism operators are cashing in on Phuket.

By Alexandra Andersson

CONVENTIONAL tourism in Thailand may have suffered some blows recently, but one sector is experiencing a surge and drawing in people from all around the world: medical tourism.

This niche travel market is providing an alternative source of income for Phuket's tertiary industries such as hotels, airlines, restaurants and hospitals during the low season.

According to TTRweekly, a news agency covering travel in Thailand and the Mekong region, medical tourism in Thailand grows by 10 to 15% per year, and last year saw 1.39 million tourists arriving for medical reasons.

Revenue from this sector reached an estimated 360 billion baht in 2009, with medical treatments alone accounting for 108 billion baht. In response to this rising business opportunity, the Institute for Small and Medium Enterprises Development and the Office of Small and Medium Enterprise Promotion have formed the Medical Tourism Cluster, which is aiming to be fully operational next month.

This initiative will work as a business network recruiting a wide range of tourism players to offer wellness and medical services in Thailand.

It will also coordinate business contacts and sales in order to promote service standards, as well as



Dayna Perandis, 27, traveled to Phuket from Australia for surgery last month.

invite hospitality related companies to join, helping to connect local companies to overseas markets and suppliers.

This will serve to perpetuate the medical tourism boom that is being experienced all over Thailand, and especially in Phuket.

Dr Peter Davison, manager of International Services at Phuket International Hospital (PIH) said the hospital treats around 1,000 foreign clients for plastic surgery each year, and even more on top of that for dental and other medical tourism services.

"Medical tourism, particularly in Phuket is growing rapidly, and I would expect a growth of at least 50% year on year for 2010," Dr Davison said.

Demonstrating the mushrooming trend of businesses organizing overseas medical services, PIH alone has over 30 agents registered with them from around the

world who refer patients there for elective and aesthetic procedures.

One such company, CosMedi-Tour, is a relatively new business run out of Queensland that sends clients directly to Bangkok, Pattaya or Phuket for their surgery, and allows patients to recover comfortably in the privacy of five-star hotels before flying back home.

"Australians, especially Queenslanders from the Gold and Sunshine coasts, are leading the drive for medical tourism in Thailand" Dr Davison confirms.

He adds that over 80% of PIH's medical tourists come from Australia and New Zealand, particularly Sydney, Brisbane, the Gold Coast, and Perth. Clients also often come from Japan, America, Canada, UK and Scandinavia.

The main driving force behind this industry expansion is the difference in price.



CUTTING EDGE: Professional services and cheap prices are luring more medical-tourists to Phuket. Photos: Phuket International Hospital

For example, breast augmentation in Australia costs around AU\$13,000 (approximately 360,000 baht) contrasting with the price of the same procedure in Phuket, about 55,000 baht (AU\$ 3,600).

The same differences apply, with around 50-70% cost savings, for most plastic surgery and dental procedures. Even cheaper and very popular "package deals" are also often offered, which include the procedure, return flights and a hotel stay. The boom has seen some drawbacks, such as when the Australian Medical Association (AMA) advised caution to medical travelers, citing the unknown medical standards of doctors in Thailand as their main reason.

Dr Davison however, disagrees with this: "All our plastic surgeons are registered with the Thai authorities, as well as being members of the International Society of Aesthetic Plastic Surgery, trained to western standards.

He continues, "The AMA's response is typical where a representative group is looking after the vested interests of its members. It is natural that they are threatened by places like Phuket which can provide comparable surgery in terms of quality and outcome, with significant cost savings to patients."

Medical tourism businesses are nevertheless taking off with force, injecting life into an otherwise suffering industry.

## VAT rise a taxing matter

THAILAND'S Finance Ministry is reviewing the entire tax structure in light of the greater cost of social programs.

An increase in value-added tax (VAT) is possible, along with a cut in personal income and corporate tax rates. Finance spokesman Ekniti Nitithanprapas said many allowances could also be scrapped as each year the Revenue Department loses 50-100 billion baht as a result of tax allowances.

Chief among them was permission for individual taxpayers to deduct taxable income of up to 300,000 baht for investment in long-term equity funds (LTFs).

"The Fiscal Policy Office is studying tax restructuring as part of government efforts to increase tax revenue to support more social programs," he said.

The LTF allowance, he said, only benefited high-income earners. But many other tax allowances needed to be reviewed and some

would be lowered or cancelled.

Personal income taxes currently range from 10 to 37%, but the top rate could be cut to 32% in the future. Meanwhile, the corporate income tax ceiling of 30% could also be lowered. He noted that the

VAT rate of 7% may be raised to 10%. "Each increase of a percentage point will raise about 50 baht billion in tax revenue," he said, noting that VAT in Indonesia and Vietnam was 10%.

Source: The Nation



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