

Brimstone will keep investing in healthcare

By [Phakamisa Ndzamela](#)

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Investment company Brimstone said talk of a pricing commission to regulate the charges of private healthcare would not dissuade it from investing in the sector.

"We are very open to the fact that government can come and see if we are making excessive profits. We don't think it's a matter of contesting it in court," Brimstone chief executive Mustaq Brey said on Tuesday (22 January) during a tour of the Vincent Pallotti Life Healthcare Hospital in Cape Town.

The hospital belongs to JSE-listed Life Healthcare, in which Brimstone is the third largest shareholder with a 5% stake. Brey is Life Healthcare's chairman.

In its conference held in Mangaung last year, the ruling African National Congress resolved to establish a national pricing commission to regulate the charges levied by clinics, hospitals and doctors in the private sector.

At the conference a health policy commission led by Minister of Health Aaron Motsoaledi and his deputy Gwen Ramakgopa noted that private healthcare hospitals were charging what he alleged were "extremely exorbitant fees" and that health inflation was getting out of control because of private hospitals.

There is a concern that when government implements its National Health Insurance scheme private healthcare facilities will milk it for higher fees.

Referring to the establishment of a pricing commission Brey conceded the company was "wary of it" but would not ignore it.

On the issue of cost, Brey said it was not cheap to start up a private healthcare facility. He noted that in private healthcare companies had to raise capital to build a hospital. He said in government the Public Works department incurred the costs of building and the Health department played a maintenance and operational role.

"If public health does not hide behind public works and sees the true costs of running hospitals, they will be in for a rude shock," Brey said.

Despite the regulatory issues, Brey said Brimstone had a strong interest in healthcare, which is seen as a defensive sector. Brimstone holds almost a third of Scientific Group, a company which supplies medical equipment to private and state hospitals, clinics, universities and doctors.

Brimstone issued a trading update on Tuesday (22 January) saying it expects basic and headline earnings per share for the year to December to rise by more than 20%.

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