

Eternal junk status will follow implementation of NHI – AfriForum – Politicsweb 12 November 2019

Natasha Venter |

AfriForum warns that junk status will follow implementation of NHI

12 November 2019

In a letter sent to President Cyril Ramaphosa, Finance Minister Tito Mboweni and Health Minister Zweli Mkhize today, AfriForum warns that the implementation of National Health Insurance (NHI) might eventually lead to a downgrade of the country's credit rating to junk status.

This follows the recent decision by the credit ratings agency Moody's to downgrade South Africa's credit rating outlook from stable to a negative. According to Moody's, the reasons for the downgrade include sombre growth prospects and rising public debt. In its letter AfriForum argues that unaffordable ideological policies such as the NHI will lead to South Africa being downgraded to junk status, as the country simply cannot fund these.

"Forging ahead with NHI will not only be disastrous for the South African economy; it will also inflate government debt to levels which will make escaping junk status impossible in the foreseeable future," says Natasha Venter, AfriForum's spokesperson for NHI.

According to AfriForum's report on NHI, it will cost the country R446,8 billion per year. The total revenue from personal income tax collection (South Africa's main source of tax revenue and the main vehicle for financing the NHI) amounted to only R425 billion in 2017. This makes it clear that NHI will be unaffordable and unsustainable.

According to Venter, high poverty and unemployment, a small tax base and the poor performance of the public healthcare sector make a government-funded system that promises "free healthcare for all" unsuitable for South Africa.

"The ideological goal of NHI is to give people access to healthcare. The downgrade to junk status (to which the implementation of NHI could lead) would instead undermine people's chances of economic success by either cutting their wages or leading to further job losses. In short, the implementation of NHI has the potential to destroy South Africa's already weak economy. AfriForum therefore calls on the President, as well as the Ministers of Finance and Health, to earnestly reconsider the approval and implementation of the NHI Bill," Venter concludes.

Issued by Natasha Venter, Spokesperson: NHI, AfriForum, 12 November 2019