

Taxes – not ‘extra money out of your pocket’ – will fund the NHI – Business Tech 28 January 2020

A number of government social media accounts have launched an education initiative about the incoming National Health Insurance (NHI).

In a series of tweets and Facebook posts, the bodies outlined some of the fundamental points of the new system including its benefits and how it will be run.

One tweet notes that the NHI will allow users to access comprehensive healthcare at any NHI facility across the country.

Another post indicates that all South Africans will have access to healthcare services free of charge.

However, one specific post has drawn the ire of readers as it highlights how the new scheme will be funded.

The tweet – which has since been deleted from the official NHI account – states that the NHI will not be funded by ‘extra money from your pocket’ but will instead be paid for by taxation and appropriated through parliament.

Finance minister Tito Mboweni has previously said the NHI will be implemented at a pace that is affordable to the country.

He has also confirmed that National Treasury is currently developing a financing paper on the NHI.

“The National Treasury has prepared a NHI financing paper, which lays out various scenarios for financing potential shortfalls for the NHI.

“However, there is still a lot that is being discussed between the Minister of Health and myself in order to make sure that we live up to the expectations.

“We are all committed to the NHI and the functioning of the National Health system. And therefore we should do all that we can to support the pace and the time frames for the implementation of the NHI,” he said.

However, economists have warned that government will need to hike taxes by an average of 10.8% to pay for the incoming NHI.

In the analysis – commissioned by union Solidarity – Wits professor Jannie Rossouw and economist Mike Holland calculated that the new national health system will require R226 billion in financing by 2026.

They added that the only way to cover this shortfall would be a tax hike – both for companies and individuals.

They said this could mean increases in:

- Income tax;
- Companies tax;
- Payroll tax;
- VAT.