

## **NHI will cost more than R350 billion according to Solidarity researchers**

-The proposed National Health Insurance scheme will cost around R357 billion according to a study by trade union Solidarity - This figure represents more than a third of the government's current total tax revenue of around R1 trillion - The study finds that VAT would have to be doubled to pay for the scheme

The study was conducted by Morne Malan from the Solidarity Research Institute. This figure represents more than a third of the government's current total tax revenue which is estimated to be slightly more than R1 trillion per year. The report found that the government's own estimates of what the NHI would cost were not based in reality. Health Minister Aaron Motsoaledi recently admitted that he had no clue what the true cost of the NHI would be and that the figure of R259 billion which he touted was little more than a guess. Motsoaledi blamed an external accounting firm for the thumb-suck figure.

Briefly.co.za gathered that the report also highlighted that during its costing estimates the government assumed that the South African economy would grow at a minimum rate of 3.5% per year. Malan said this all meant that the government's own estimates were hopelessly inadequate. He said the government calculated that the NHI would need R256 billion by 2025 and would operate with a deficit of R72 billion on current healthcare spending. According to thesouthafrican.com the report found the actual cost of the NHI would be nearly R101 billion more than the estimate at R357 billion and would run operate at a worrying R210 billion deficit.

Malan pointed out what these astronomical figures meant for ordinary taxpaying South Africans. Businesstech.co.za reported that Malan said these costs meant that around 70% of personal income tax and 99% of VAT funds would have to go towards the NHI to balance the figures. Malan noted that the government was unlikely to cut funding to other departments, social programs and projects and would have to raise personal taxes and double the current VAT rate. Malan said this would obviously impact consumer spending patterns which would, in turn, affect the entire calculation. Read more: <https://briefly.co.za/14744-nhi-cost-r350-billion-according-solidarity-researchers.html#14744>