

# NHI

National Health Insurance:  
**Another taxing  
state-owned monopoly**



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## Introduction

The National Health Insurance (NHI) Bill was successfully passed by the National Assembly on 12 June 2023 in the run up to the 2024 general elections. It is no surprise that the Bill was passed by National Assembly, as it has formed a key policy instrument for the African National Congress (ANC) and forms part of their historic pursuit towards universal healthcare coverage (UHC). However, the proposed legislation will undoubtedly spell disaster for healthcare in South Africa. NHI is a utopian idea that is propagated by the ANC as the solution towards a more “equal” society; however, historical examples have shown that utopian ideas that are fuelled by socialist and communist ideals mostly end in disaster for their citizens. NHI offers a reminder of the Soviet Union, where “the road to medical-care hell was paved with [the same] good intentions.”<sup>1</sup>

The term *national health insurance* first entered the discourse in December 2007 during the ANC’s Polokwane Conference.<sup>2</sup> Sixteen years later, the public healthcare system remains in a distressing state.

In pursuit of NHI, the government continues to neglect healthcare concerns and has done little to enhance the current public healthcare system. The government appears convinced that a comprehensive solution can only be realised through the complete nationalisation of healthcare through NHI. Notably absent from this narrative is an acknowledgement of the dire state of public healthcare due to factors such as mismanagement, corruption, political patronage systems, state capture and a lack of accountability – all of which are contributing to financial shortfalls. In its push for NHI, the ANC-led government continues to promote misleading narratives about the feasibility of NHI, while portraying the private sector in a negative light. It often dismisses pertinent concerns that are raised by numerous experts regarding the viability and financial viability of NHI.

This report by AfriForum aims to provide a brief overview of the reasons why NHI is simply unattainable.

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<sup>1</sup> Ebeling, A. 2008. *Socialised health care: The communist dream and the soviet reality*. Foundation for Economic Freedom, 19 December. Available at <https://fee.org/resource/socialised-health-care-the-communist-dream-and-the-soviet-reality/>. Accessed on 26 July 2023.

<sup>2</sup> Merten, M. 2023. ANC gets NHI legislation adopted despite opposition criticism and likely litigation. *Daily Maverick*, 13 June. Available at <https://www.dailymaverick.co.za/article/2023-06-13-anc-gets-its-revolutionary-nhi-legislation-adopted-despite-opposition-criticism-and-likely-litigation>. Accessed on 17 August 2023.

## Ideology over efficiency

### Socialised medicine and NHI

The concept of a more “equal” society is a central tenet of the NHI Bill. This vision of equality has captured the human imagination throughout history, based on the idea that a world where everyone enjoys the same resources would be transformative.<sup>3</sup> The utopian aspiration persists through the welfare state framework and is reflected in the appeal of government-managed healthcare.

Lessons can be learned from the Soviet Union’s experience in implementing a UHC, which is akin to what NHI represents. Under the leadership of Vladimir Lenin, the emerging socialist state nationalised medical services in 1918.<sup>4</sup> Lenin’s ideological foundations drew heavily from Marxism, a doctrine that was established by Dr Karl Marx. After the October uprisings, the Marxist-Leninist ideology gained prominence within the global communist movement. This movement was also pivotal in the establishment of the “right to health” as an acknowledged “constitutional right” for Soviet citizens.

Healthcare administration was meticulously planned, with the Ministry of Health designated as the specialised governmental body responsible for coordinating and supervising medical and sanitary services.<sup>5</sup> This involved the centralised allocation of state-provided resources to effectively address healthcare needs across the population. The endorsed socialist principle was unequivocal: comprehensive care would be equitably accessible to all citizens through government-owned and -operated healthcare services. The entire financial burden of medical services was integrated into the central budget. The perceived benefits included the elimination of inefficiencies resulting from redundant competition within a fully socialised healthcare system, ensuring comprehensive coverage from “birth until death”.

However, Ebbeling<sup>6</sup> argues that the perception of “equality” within the Soviet healthcare system was fundamentally flawed and revealed a stark contrast between the intended ideals and the actual outcomes. This flaw was evident in the era’s pronounced division into privileged groups and classes, mirroring broader societal structures. Within this context, the political hierarchy that was established by the Communist Party and the framework of the socialist economy dictated access to basic necessities as well as luxuries, which resulted in glaring disparities in healthcare provisions. This inequality is further underscored by the establishment of specialised hospitals

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<sup>3</sup> *Ibid.*

<sup>4</sup> Maltsev, Y.N. 1994. *Socialized health-care nightmare*. Available at <https://fee.org/articles/socialized-health-care-nightmare/>. Accessed on 26 July 2023.

<sup>5</sup> *Ibid.*

<sup>6</sup> Ebeling, A. 2008. *Socialised health care: The communist dream and the soviet reality*. Available at <https://fee.org/resource/socialised-health-care-the-communist-dream-and-the-soviet-reality/>. Accessed on 26 July 2023.

that catered exclusively to party elites. These medical facilities highlighted marked differences in the quality of healthcare that was available to the general population. Notably, the privileged minority not only enjoyed access to domestically produced treatments but also benefited from Western medications and advanced medical technology – resources that were far beyond the reach of the average citizen.<sup>7</sup>

Expanding on this theme, Matlsev<sup>8</sup> points out that the pursuit of socialised medicine comes with inherent risks. These extensive government bureaucracies can stifle efficiency by imposing burdensome mandates on employers and by implementing price control measures. These measures could lead to shortages and a decline in the quality of care provided, rather than to improved healthcare services. Furthermore, the system may involve allocation methods that are not solely based on price and that may potentially lead to distortions in resource distribution.

Even in 2020 the Russian healthcare system remained notably behind that of developed nations. This highlights the limitations of socialised medicine in achieving desired health outcomes.

Ironically, the same political elites who advocate for these systems are seeking medical treatment abroad, which showcases a lack of faith in the very healthcare structure they promote.<sup>9</sup> Despite these evident limitations, the allure of socialised medicine persists among those in positions of authority. Its ideological appeal continues to hold sway, even in the face of practical challenges and historical examples that raise questions about its efficacy in delivering quality healthcare to all citizens.

## The NDR and NHI

The trajectory of NHI appears likely to mirror the course that was taken by the Soviet Union. This resemblance is underscored by the ANC's propensity for prioritising political allegiance, which is exemplified through its cadre deployment programme.<sup>10</sup> NHI hints at the ANC's National Democratic Revolution (NDR) ideology.<sup>11</sup> According to Helen Zille, the NDR is<sup>12</sup>

a Marxist-Leninist concept that requires the state to control society, the party to control the state, and a “vanguard” (elite leadership group) to control the party.

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<sup>7</sup> Ibid.

<sup>8</sup> Matlsev, Y.N. 1994. *Socialized health-care nightmare*. Available at <https://fee.org/articles/socialized-health-care-nightmare/>. Accessed on 26 July 2023.

<sup>9</sup> Moiseev, V. 2020. Healthcare problems in modern Russia. In *Advances in Economics, Business and Management Research*. International Scientific Conference ‘Far East Con’ (ISCSEC 2020). Atlantis Press. DOI: <https://doi.org/10.2991/aebmr.k.200312.478>.

<sup>10</sup> Swanepoel, P.C.F. 2021. The slippery slope to State capture: cadre deployment as an enabler of corruption and a contributor to blurred party-State lines. *Law, Democracy and Development*: 25, pp. 1–23. DOI: <https://doi.org/10.17159/2077-4907/2021/ldd.v25.15>.

<sup>11</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 2012 & 2013).

<sup>12</sup> Zille, H. 2018. From the Inside: Meaning well doesn't always translate into doing well. *Daily Maverick*, 10 September. Available at <https://www.dailymaverick.co.za/opinionista/2018-09-10-from-the-inside-meaning-well-doesnt-always-translate-into-doing-well>. Accessed on 21 July 2023.

In simpler terms, the NDR seeks a comprehensive transition to a purely socialist South Africa in which the state takes full control. This transformation entails the separation of individuals from the capitalist economy, consequently disconnecting them from the self-sufficiency and prosperity that it offers.<sup>13</sup>

The ANC and SACP have long advocated for “free healthcare”<sup>14</sup> within their overarching goals of societal and economic transformation. Implicit in these aims is the idea that the responsibility for providing free and high-quality healthcare rests with the state and not the private sector.<sup>15</sup> The ANC argues that the profit motive in the private sector distorts medicine and reduces healthcare to a commodity. Thus, NHI can be seen as a tool to advance the NDR’s goals by “decommodifying” healthcare.<sup>16</sup> This shift aims to move away from a profit-centred capitalist market that influences supply and costs, and to empower the government to make these decisions instead.<sup>17</sup> This effectively means that the successful private healthcare sector will be nationalised incrementally so that the provision of healthcare services can be turned into yet another state-owned monopoly.

As part of this transition, NHI proposes the implementation of additional taxes that will specifically be allocated to the healthcare sector in order to fund NHI through the National Health Insurance Fund. The NHI Bill attempts to justify the additional tax burden that will be imposed by invoking the idea of “social solidarity”.

Steenkamp<sup>18</sup> points out that the concept, originally formulated in the late 1800s, revolves around collective action and instilling in individuals the belief that they can contribute to improving the well-being of others. In contrast, the Bill defines “social solidarity” as a means of

providing financial risk pooling to enable cross subsidisation between the young and the old, the rich and the poor and the healthy and the sick.

This term has since become a key phrase used to advocate for NHI, as shown in figures 1, 2 and 3 on the next pages.

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<sup>13</sup> Jeffery, A. 2023. *Opinion: Anthea Jeffery replies to Ebrahim Harvey: There’s no mistaking NDR’s enormous damage*. News24, 1 August. Available at <https://www.news24.com/news24/opinions/columnists/guestcolumn/opinion-anthea-jeffery-replies-to-ebrahim-harvey-theres-no-mistaking-ndrs-enormous-damage-20230801>. Accessed on 15 August 2023.

<sup>14</sup> Merten, M. 2023. ANC gets NHI legislation adopted despite opposition criticism and likely litigation. *Daily Maverick*, 13 June. Available at <https://www.dailymaverick.co.za/article/2023-06-13-anc-gets-its-revolutionary-nhi-legislation-adopted-despite-opposition-criticism-and-likely-litigation>. Accessed on 17 August 2023.

<sup>15</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp.202–217 (pp. 202–203).

<sup>16</sup> *Id.*, p. 217.

<sup>17</sup> *Idem*.

<sup>18</sup> Steenkamp, L.-A. 2019. *South African taxpayers will bear the brunt of National Health Insurance*. The Conversation, 29 August. Available at <https://theconversation.com/south-african-taxpayers-will-bear-the-brunt-of-national-health-insurance-122409>. Accessed on 8 July 2023.





Figure 1: Tweet by @MYANC during the North West manifesto launch<sup>19</sup>



Figure 2: Tweet by the South African government of the speech given by Dr Sibongiseni Maxwell Dhlomo during Policy Dialogue on UHC<sup>20</sup>

However, Steenkamp argues that social solidarity loses its benevolent essence when taxes (and contributions to the NHI Fund) are obligatory – and not voluntary – acts of kindness, despite the ANC's attempts to portray these as such.

<sup>19</sup> African National Congress [Twitter], 2 March 2019. Available at @MYANC.

<sup>20</sup> South African Government [Twitter], 12 December 2022. Available at @GovernmentZA.

## Some Key Messages on National Health Insurance (NHI)

### Social Solidarity for quality health care for all

National Health Insurance is a way of providing good healthcare for all by sharing the money available for healthcare among all our people. The health benefits that you receive will depend on how sick you are, not on how wealthy you are.

Hospitals, clinics, doctors, specialists, dentists, nurses and all other health workers will also be available to provide services to all much more equally. It all depends on our willingness to SHARE as ONE NATION. If we can feel and act in unity about football and rugby, surely, we can do the same when it comes to matters of life and death, health and illness. National Health Insurance, known as NHI, is a chance for South Africans to join hands in a way that really counts.

None of us would like a fellow human being to die, become disabled or live in pain just because he or she could not get decent healthcare. But this is happening in our country where poor people often have second rate healthcare while wealthier people can pay for good treatment. South Africans from all walks of life and all parts of our country have the power to change this tragic situation.

Figure 3: Excerpt from the first page of the NHI information document<sup>21</sup>

The Bill further attempts to justify NHI by referencing international instruments like article 12 of the *United Nations covenant on economic, social, and cultural rights of 1966*, as well as fundamental rights such as the right to equality and human dignity in South Africa's Constitution. The Constitution embodies a tripartite set of values, namely freedom, equality and human dignity, which are not only foundational but also serve as factors against the restriction of rights.<sup>22</sup> Nevertheless, Van Staden points out that there is a disregard for human dignity and freedom of choice in pursuit of substantive equality. Under NHI, people will lose the freedom to choose the quality of healthcare that they desire and will forfeit their right to autonomous private healthcare options.

The roots of NHI as a central policy instrument can be traced back to the ANC's national conference in 2007 in Polokwane, as well as the ANC's General National Council of 2010.<sup>23</sup> Although the ANC's historical pursuit of UHC dates back even further,<sup>24</sup> its recent push for NHI arises from a desire to fulfil the party's 2019 universal healthcare promise, which is particularly significant as the party's influence is waning in key economic centres. Critics raise concerns about

<sup>21</sup> Department of Health. S.a. *Some key message on National Health Insurance*. Available at <https://www.health.gov.za/wp-content/uploads/2020/11/some-key-messages-on-nhi.pdf>, p. 1. Accessed on 26 September 2023.

<sup>22</sup> Van Staden, M. 2019. *Deceiving the public – a critical analysis of the impact assessment of NHI white paper*. Available at [https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public\\_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper\\_2019.pdf](https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper_2019.pdf), p. 8. Accessed on 18 September 2023.

<sup>23</sup> Merten, M. 2023. ANC gets NHI legislation adopted despite opposition criticism and likely litigation. *Daily Maverick*, 13 June. Available at <https://www.dailymaverick.co.za/article/2023-06-13-anc-gets-its-revolutionary-nhi-legislation-adopted-despite-opposition-criticism-and-likely-litigation>. Accessed on 17 August 2023.

<sup>24</sup> Parliamentary Monitoring Group. 2019. NHI timeline: Key dates and events. Available at <https://pmg.org.za/blog/NHI%20Timeline:%20Key%20dates%20and%20events>. Accessed on 31 July 2023.



the timing of the Bill's passage in the National Assembly and view it as a strategic political play ahead of the 2024 elections.<sup>25, 26</sup>

Notably, the party emphasised in its 2019 manifesto the ongoing pilot initiatives for NHI while the formulation of legislation was underway.<sup>27</sup> However, a detailed 200-page document on the 11 pilot projects reveals that these pilot programmes have shown minimal to no improvement in the quality of public health services at public healthcare facilities.<sup>28</sup> In addition, several crucial initiatives that are aimed at enhancing healthcare remain largely unaddressed, even though these were initially scheduled for achievement by 2020 and 2025 as detailed in the *2019 Manifesto* (bolding original):<sup>29</sup>

- Fill vital **vacant posts** in hospitals and clinics.
- Achieve free, quality **health care** for all at the point of service by 2025 with a **National Health Insurance**.
- Train more **doctors** and **nurses** and improve management and leadership of the entire public health sector.
- **Delegate responsibility** to district and frontline **health service managers** in hospitals and clinics to avoid long queues of patients waiting for treatment.
- Absorb **50,000+** community **health care workers** in the public service. In 5 years, the number of **community health workers will be doubled** and deployed in our villages, townships and informal settlements.
- **Screen 2 million** people for **TB** and get **90%** of **HIV+** people on **treatment** by 2020.

The prospect of making up for the delay within the specified timelines is now becoming less plausible, which underscores the party's inability to enact meaningful reforms while continually pursuing a socialist and ultimately communist state.

### Private healthcare and the ANC

In their quest for UHC, the ANC's stance casts a shadow on the private sector, generating "anger and resentment" towards the sector.<sup>30</sup> Dr Joe Phaahla, the current Minister of Health, states that

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<sup>25</sup> Merten, M. 2023. ANC gets NHI legislation adopted despite opposition criticism and likely litigation. *Daily Maverick*, 13 June. Available at <https://www.dailymaverick.co.za/article/2023-06-13-anc-gets-its-revolutionary-nhi-legislation-adopted-despite-opposition-criticism-and-likely-litigation>. Accessed on 17 August 2023.

<sup>26</sup> Felix, J. 2023. *NHI Bill: Phaahla hails it as 'revolutionary legislation', but opposition parties disagree*. News24, 13 June. Available at <https://www.news24.com/news24/politics/parliament/nhi-bill-phaahla-hails-it-as-revolutionary-legislation-but-opposition-parties-disagree-20230613>. Accessed on 14 August 2023.

<sup>27</sup> African National Congress. 2019. *Election manifesto*. Available at <https://www.anc1912.org.za/wp-content/uploads/2022/01/ANC-National-Elections-Manifesto-2019.pdf>. Accessed on 24 August 2023.

<sup>28</sup> Child, K. 2019. NHI pilot projects reveal deep problems. *BusinessLIVE*, 28 July. Available at <https://www.businesslive.co.za/bd/national/2019-07-28-nhi-pilot-projects-reveal-deep-problems/>. Accessed on 23 September 2023.

<sup>29</sup> African National Congress. 2019. *Election manifesto*. Available at <https://www.anc1912.org.za/wp-content/uploads/2022/01/ANC-National-Elections-Manifesto-2019.pdf>, p. 14. Accessed on 24 August 2023.

<sup>30</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (p. 208).

private healthcare providers are “under pressure to keep delivering super profits even higher than gold and platinum mines”.<sup>31</sup> Previous ministers of health echoed similar sentiments, characterising the sector as a “ravenous monster that preys on people”<sup>32</sup> and a “system where the sick and vulnerable are the ones who get attacked”.<sup>33</sup>

The ANC continually overlooks how its NDR policies have exacerbated the escalation of among others private healthcare costs. The government’s supervision of the regulatory framework that was imposed on the private healthcare sector has since contributed to significant cost increases, which has progressively rendered private healthcare unaffordable. According to Jeffery, the government’s involvement in this regard is characterised by the following:<sup>34</sup>

- **Open enrolment and community rating:** The insistence on open enrolment and community rating, according to which all members must be accepted and charged the same premium regardless of their individual risk rating, has resulted in attracting fewer young and healthier members. The subsequent imbalance in risk pools has driven medical scheme membership fees upward due to the lack of contributions from a healthier, more diverse demographic.
- **Cover for Prescribed Minimum Benefits (PMBs):** Medical schemes are compelled to fully cover around 300 prescribed medical benefits, regardless of whether members choose to receive these benefits. This rigid approach prevents medical schemes from offering lower-priced membership options and consequently contributes to elevated membership fees.
- **Limited options for low-cost medical aid schemes:** This is an obstacle to a more diversified healthcare landscape. In September 2015, the Council for Medical Schemes approved budget-friendly alternatives, aiming to make healthcare more affordable for around 15 million people only to be withdrawn a month later. This alternative option would exclude PMBs and would cost R180 per adult member per month for specific primary healthcare services. The low-cost option, which was planned for 2016, allegedly faced obstacles due to political interference from the ANC.<sup>35</sup> Despite industry efforts, affordable benefit options are still not permitted.

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<sup>31</sup> Phaahla, M.J. 2023. *Minister Joe Phaahla: Debate on National Health Insurance Bill*. Second reading debate on the National Health Insurance Bill in the National Assembly Minister of Health, Dr Mathume Joe Phaahla on 13 June 2023. Available at <https://www.gov.za/speeches/minister-joe-phaahla-national-health-insurance%C2%A0bill-13-jun-2023-0000> at par. 12. Accessed on 24 July 2023.

<sup>32</sup> As quoted in Jeffery, A. 2016. In @Liberty 29(6): 50. Available at [https://cisp.cachefly.net/assets/articles/attachments/66144\\_\\_liberty\\_\\_issue\\_29\\_\\_the\\_nhi\\_proposal\\_risking\\_lives\\_for\\_no\\_good\\_reaso...02.pdf](https://cisp.cachefly.net/assets/articles/attachments/66144__liberty__issue_29__the_nhi_proposal_risking_lives_for_no_good_reaso...02.pdf). Accessed on 26 September 2023.

<sup>33</sup> The Board of Healthcare Funders of Southern Africa, 2011. *Motsoaledi calls for ‘re-engineering’ of healthcare system*. Fanews, 5 July. Available at <https://www.fanews.co.za/article/healthcare/6/general/1124/motsoaledi-calls-for-re-engineering-of-healthcare-system/10186>. Accessed on 25 September 2023.

<sup>34</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 206–209).

<sup>35</sup> Settas, M. 2022. Kabane’s rebuke points to how the government bars the poor from medical aid. *BusinessLIVE*, 2 June. Available at <https://www.businesslive.co.za/bd/opinion/2022-06-02-mike-settas-kabanes-rebuke-points-to-how-the-government-bars-the-poor-from-medical-aid/>. Accessed on 25 September 2023.

- **Opposition to primary health insurance:** The government’s stance against primary health insurance – accessible to individuals who earn between R3 500 and R10 000 per month – presents a barrier to this income bracket. The government argues that such policies could undermine medical schemes’ ability to attract healthier, younger members. Primary health insurance typically offers lower-cost cover for basic healthcare services and appeals to a demographic with lower healthcare needs. Premiums as affordable as R200 would grant people access to specific primary healthcare benefits that include services such as GP consultations and basic optometry. These premiums will be allowed until 2024.<sup>36</sup>
- **Reduction in tax benefits:** The government’s decision to decrease tax benefits for private healthcare membership has increased the financial burden on individuals, shifting from a full deduction of relevant expenses from taxable income to a fixed tax credit. This move is seen as an attempt to make medical scheme membership less affordable, thereby removing another roadblock to implementing NHI. In the end, the eventual removal of the tax credit seeks to generate around R28 billion in tax revenue for NHI funding.

These measures highlight the ruling party’s evident intention to increase the expenses that are associated with private healthcare in an effort to portray NHI as the only sustainable resolution for affordable healthcare.<sup>37</sup>

## Monopolising healthcare

Proponents of NHI have long argued that medical schemes will disappear once NHI becomes fully operational. This would then leave South Africans with only one option on which to rely: the ANC government.<sup>38</sup> The ANC-led government employs various mechanisms to rationalise its push for monopolisation, often relying on misleading narratives.<sup>39</sup> For example, NHI justifies its drive towards monopolisation by asserting a narrative that points to both an “over-supply of hospitals” and “market concentration” within the private healthcare industry. This argument implies that heightened competition leads to increased concentration and, subsequently, higher prices. However, this perspective is at odds with fundamental economic theory, which asserts that greater competition should naturally lead to reduced prices. Through these actions, the

<sup>36</sup> Child, K. 2022. Reprieve for inexpensive health insurance products. *BusinessLIVE*, 26 January. Available at <https://www.businesslive.co.za/bd/national/health/2022-01-26-reprieve-for-inexpensive-health-insurance-products/>. Accessed on 26 September 2023.

<sup>37</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (p. 208).

<sup>38</sup> *Id.*, pp. 213–214.

<sup>39</sup> Van Staden, M. 2019. *Deceiving the public – a critical analysis of the impact assessment of NHI white paper*. Available at [https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public\\_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper\\_2019.pdf](https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper_2019.pdf), pp. 17–19. Accessed on 18 September 2023.

government is perpetuating a distorted understanding of the economy while also advocating solutions that presumably aim to lower prices but may paradoxically lead to price increases and shortages within the healthcare sector. To illustrate this, Du Buisson<sup>40</sup> points out that, if NHI were to be implemented, there would likely be a surge in the demand for healthcare services. This is because, at present, affordability acts as a regulator for the demand for these services. If this regulatory mechanism were to be removed, it could lead to a significant shortage of medical professionals – particularly specialists – not only within the public healthcare sector, but also in the private healthcare sector.

The proposed government-controlled mechanism aims to subject private healthcare to extensive government controls, including pricing and assigning the exclusive power to NHI for purchasing healthcare products and services. This trajectory would effectively nationalise the country's private healthcare industry, aligning the funding model more closely with that of Cuba. Ironically, the ANC itself views the Cuban system as “out of reach for SA” (see figure 4 below), while the path that they are advocating appears to be aimed at this very model.

<b>XI. RECOMMENDED NHI FUNDING MODEL</b>				
<b>UNITED STATES</b>	<b>PROPOSED MODEL FOR SA</b>	<b>CANADA &amp; UK</b>	<b>PROPOSED NHI</b>	<b>CUBA</b>
<b>Private funding model</b>	<b>Blended funding model</b>	<b>Dominant Public funding model</b>	<b>Dominant Public funding model</b>	<b>Public funding model</b>
Private multi-payer system, with multiple public and private funders and insurers. A few public options. Private and public service providers.	Multiple public and private funders and insurers; and private and public service providers.	Single-payer fund Private service providers in Canada and private and public service providers in the United Kingdom	Central single-purchaser and single-payer fund with public and private	Health system financing and delivery of services are fully controlled and managed by the state
The worst model according to various research findings.	This amounts to the continuation of the current status quo.	The best model according to international good practice.	The model that is proposed for South Africa in the NHI Bill	Universal and free health services for all Cubans without any restrictions.
<b>NOT RECOMMENDED</b>	<b>NOT RECOMMENDED</b>	<b>RECOMMENDED</b>	<b>RECOMMENDED</b>	<b>BEYOND SA'S REACH.</b> <sup>41</sup>

Figure 4: The ANC's recommended funding models<sup>41</sup>

According to Dr Jeffery,<sup>42</sup> the ANC-led government employs three distinct measures (in addition to the influence on pricing described earlier) to reduce the presence of the private healthcare

<sup>40</sup> Du Buisson, T. 2023. *National health insurance isn't cheap*. Available at <https://solidariteit.co.za/wp-content/uploads/2023/08/National-Health-Insurance-14-Aug.pdf>, p. 7. Accessed on 18 August 2023.

<sup>41</sup> African National Congress. 2023. *Presentation on the National Health Insurance Bill to the portfolio committee on health in parliament South Africa*. Available at <https://www.anc1912.org.za/wp-content/uploads/2022/02/National-Health-Insurance-Bill-Presentation-2022.pdf>, p. 41. Accessed on 30 July 2022.

<sup>42</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 213–214).

industry. This would in turn encourage reliance on a state-run medical scheme under NHI and achieve the state-owned monopoly. Dr Jeffery lists these measures as follows:<sup>43</sup>

- First, individuals above a certain income threshold will be compelled to contribute to NHI without the option to opt-out, regardless of their financial circumstances. This could render private medical schemes unaffordable for many.
- Second, higher taxes may be introduced to finance NHI, potentially making private medical scheme membership unaffordable for certain individuals and families – especially if tax credits are also revoked. As resources move to NHI, people who rely on private medical schemes for specialised or expedited healthcare services will experience rising costs.
- Third, under NHI medical schemes may offer limited cover for services that are not fully funded by NHI. Consequently, specific medical treatments, procedures or medicines might no longer be funded by private medical schemes. This limitation could result in out-of-pocket expenses for patients and prompt healthcare providers to reassess their service offerings, which can impact the overall healthcare landscape.

## A taxing burden

### Single-payer systems

The ANC believes that South Africa should model its healthcare system more closely after those of the UK, Cuba and Canada,<sup>44</sup> although the Department of Health denies that NHI is based on any one country's model.<sup>45</sup> UHC systems are informed by the persistent yet flawed belief that, as opposed to private healthcare providers, single-payer systems (i.e., healthcare that is funded by taxpayers but administered by the government) offer more efficient and more cost-effective care. The primary objective of such an approach is to ensure equal access to healthcare for all citizens. Nevertheless, Biermann argues that no national healthcare system has ever fully realised these aspirations, even in more advanced countries like the UK and Canada.<sup>46</sup> These systems consistently struggle with rising costs, constrained funding, waiting lists and instances of denied care. To control healthcare expenses, governments often

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<sup>43</sup> *Idem*.

<sup>44</sup> African National Congress, 2023. *Presentation on the National Health Insurance Bill to the portfolio committee on health in parliament South Africa*. Available at <https://www.anc1912.org.za/wp-content/uploads/2022/02/National-Health-Insurance-Bill-Presentation-2022.pdf>, p. 41. Accessed on 30 July 2022.

<sup>45</sup> Yoganathan, V. 2023. *NHI not being built on any one country's model – Crisp*. Juta MedicalBrief, 1 February. Available at <https://www.medicalbrief.co.za/nhi-not-being-built-on-any-one-countrys-model-crisp/>. Accessed on 18 September 2023.

<sup>46</sup> Biermann, J. 2019. *NHI leads to limited funding and denial of care, UK and Canada show*. BusinessLIVE, 20 November. Available at <https://www.businesslive.co.za/bd/opinion/2019-11-20-nhi-leads-to-limited-funding-and-denial-of-care-uk-and-canada-show/>. Accessed on 17 August 2023.



resort to strategies like implementing price controls (as seen with higher personal income tax rates that were discussed earlier), restricting access to specific prescription medicines and medical technologies, limiting the number of medical procedures performed and regulating the availability of hospitals and beds. Beyond this, nationalised healthcare can possibly strip people of their autonomy and place their medical well-being under the jurisdiction of a potentially cumbersome and inefficient state monopoly.<sup>47</sup>

Although single-payer systems promise free healthcare at the point of service, the reality is that this care is funded through taxation. Some patients who are mistakenly reassured may eventually realise that despite them contributing to the government's healthcare fund, they might be deprived of crucial medical attention and medications if the government's protocols do not allow for their required treatments.<sup>48</sup>

### **Additional tax**

The implementation of NHI raises critical questions about the practicality and sustainability of funding NHI through taxation, as the healthcare benefits that are provided by NHI are limited to the government's capacity to collect funds from taxpayers.<sup>49</sup> The proposed funding mechanisms raises concerns about its impact on individuals as well as businesses.

The cornerstone of South Africa's tax system is personal tax, which is imposed on the earnings of individuals and collected by the South African Revenue Service (SARS). Personal income tax rates are progressive, which means that people with higher income pay a greater proportion of their income in tax. The personal income tax brackets range from 18% for those with the lowest income, to 45% for those with the highest income.<sup>50</sup> Authorities have also yielded to constant increases in consumer taxes such as the fuel tax and excise fees, and even increased the value-added tax (VAT) rate from 14% to 15% in recent years.

The highest marginal personal income tax rate in South Africa is currently 45%, which is on par with rates in numerous developed countries, including the UK, Australia, Switzerland and South Korea, as well as in developing countries such as China. This marginal tax rate is also relatively high when compared to Canada (33%), the USA (37%) and Brazil (27%). This rate is

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<sup>47</sup> Gill, J. 2022. *The UK's Single-Payer Healthcare System has become a state religion—and it's failing*. Foundation for Economic Freedom, 30 May. Available at <https://fee.org/articles/the-uk-s-single-payer-healthcare-system-has-become-a-state-religion-and-it-s-failing/>. Accessed on 23 July 2023.

<sup>48</sup> Biermann, J. 2019. NHI leads to limited funding and denial of care, UK and Canada show. *BusinessLIVE*, 20 November. Available at <https://www.businesslive.co.za/bd/opinion/2019-11-20-nhi-leads-to-limited-funding-and-denial-of-care-uk-and-canada-show/>. Accessed on 17 August 2023.

<sup>49</sup> *Ibid.*

<sup>50</sup> Haldane, M. 2023. *Exploring some of the taxes we pay in South Africa*. Moneyweb, 26 May. Available at <https://www.moneyweb.co.za/financial-advisor-views/exploring-some-of-the-taxes-we-pay-in-south-africa/>. Accessed on 20 August 2023.

imposed in South Africa despite the fact that the country has little to show for service delivery when compared to the countries mentioned earlier. South Africa's 45% marginal personal income tax rate is also higher than the maximum marginal personal income tax rate in neighbouring African countries such as Namibia (37%), Botswana (27%), Mozambique (32%) and even Zimbabwe (40%).<sup>51</sup>

Through NHI, the ANC-led government will leave people and companies with less money for savings and investment and will usher in even slower economic growth and less job creation. This will hurt the very group that NHI purports to assist, namely poor South Africans.<sup>52</sup> Section 49 of the NHI Bill outlines four possible sources of income that would ultimately have a negative impact on taxpayers.<sup>53, 54</sup>

1. **Existing general tax revenue:** The Bill proposes to redirect tax revenue that is currently allocated to provincial health departments to NHI. This is slated for a later phase of implementation and would necessitate amending the National Health Act 61 of 2003.
2. **Scrapping medical tax credits:** The existing tax relief that is provided through medical tax credits and tax credits for out-of-pocket expenses would be removed and reallocated to NHI,<sup>55</sup> resulting in an increase in taxes payable to SARS.
3. **Payroll tax on employer and employee:** The government plans to introduce a payroll tax that will require employers to deduct a portion of their employees' wages or salaries and remit it to the government. This newly proposed tax would reduce individuals' take-home income and potentially impact employment levels.
4. **Surcharge on personal income tax:** A surcharge on personal income tax is an additional tax that is imposed on top of the regular personal income tax. The Bill fails to provide any information on this surcharge other than its application to a person's taxable income. Steenkamp<sup>56</sup> contends that this surcharge may be viewed as a penalty or disincentive for those seeking to increase their productivity and wealth, confirming why some people may opt to participate in the silent tax rebellion.

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<sup>51</sup> BusinessTech. 2022. How South Africa's tax rates compare to Australia, the UK and other countries. 22 October. Available at <https://businesstech.co.za/news/business-opinion/635987/how-south-africas-tax-rates-compare-to-australia-the-uk-and-other-countries/>. Accessed on 10 August 2023.

<sup>52</sup> AfriForum. 2019. NHI: An affordable health care disaster. Available at [https://afriforum.co.za/wp-content/uploads/2021/11/NHI\\_An-affordable-health-care-disaster\\_2019.pdf](https://afriforum.co.za/wp-content/uploads/2021/11/NHI_An-affordable-health-care-disaster_2019.pdf), p. 10. Accessed on 18 September 2023.

<sup>53</sup> Steenkamp, L.-A. 2019. South African taxpayers will bear the brunt of National Health Insurance. The Conversation, 29 August. Available at <https://theconversation.com/south-african-taxpayers-will-bear-the-brunt-of-national-health-insurance-122409>. Accessed on 8 July 2023.

<sup>55</sup> Bechard, M. 2022. Payroll tax, surcharge on income tax will be considered to fund NHI – Moonstone Information Refinery. Available at <https://www.moonstone.co.za/payroll-tax-surcharge-on-income-tax-will-be-considered-to-fund-nhi/>. Accessed on 25 September 2023.

<sup>56</sup> Steenkamp, L.-A. 2019. South African taxpayers will bear the brunt of National Health Insurance. The Conversation, 29 August. Available at <https://theconversation.com/south-african-taxpayers-will-bear-the-brunt-of-national-health-insurance-122409>. Accessed on 8 July 2023.

## Unaffordability

Although NHI promises “free” and “equitable” healthcare, its feasibility remains largely ignored by the ANC, and analysts argue that NHI is simply unaffordable. Moreover, the impact of increased taxes on a shrinking taxpayer base poses a considerable challenge, especially when combined with a historically inefficient government.<sup>57</sup> The government’s ambition to allocate 8,5% of GDP towards public expenditure under the NHI framework appears to be unrealistic. This proportion far surpasses what is observed in both developing and developed nations.<sup>58</sup> Moreover, Enoch Godongwana, South Africa’s Minister of Finance and member of the ANC, recently expressed his uncertainty about the functionality of NHI, pointing out that the Bill that was approved by the National Assembly lacks crucial components, with a notable absence being a sustainable source of funding.<sup>59</sup>

Du Buisson explains that the South African government has historically earmarked around 4% to 5% of the GDP for healthcare; however, in 2023, this has been reduced to 3,9%.<sup>60</sup> This reduction reveals that there is already strain on the nation’s finances. Introducing NHI under current circumstances would inevitably result in a significant budget deficit of R181,95 billion, which means that government expenditure would exceed government revenue. The scheduled launch of NHI is set for 2026, necessitating an additional R295,93 billion to “balance the books”.<sup>61</sup> With an estimated total cost of R659,35 billion (for 2026), healthcare expenditure would dominate the South African national budget and overshadow all other categories in the budget. This is unheard of for a middle-income nation, where education usually takes precedence over healthcare in terms of budgetary allocation. While wealthier countries tend to allocate more resources to healthcare, social support programmes often command higher priority than healthcare initiatives in middle-income countries.

According to Dr Olive Shisana,<sup>62</sup> a special advisor to Pres. Cyril Ramaphosa, there are examples of countries that are implementing UHC even though they have substantially lower budgets than South Africa: Thailand, Mexico, Colombia and Indonesia. Critics of NHI assert that, despite having a budget comparable to many middle-income nations, South Africa has made minimal

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<sup>57</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 205–208).

<sup>58</sup> De Lange, R. 2021. SA aiming too high with planned spending on NHI. *City Press*, 30 May. Available at <https://www.news24.com/citypress/business/sa-aiming-too-high-with-planned-spending-on-nhi-20210528>. Accessed on 18 August 2023.

<sup>59</sup> Staff Reporter, 2023. *Godongwana suffers a bout of the NHI jitters*. BusinessTech, 11 September. Available at <https://businesstech.co.za/news/government/717532/godongwana-suffers-a-bout-of-the-nhi-jitters/>. Accessed on 26 September 2023.

<sup>60</sup> Du Buisson, T. 2023. National health insurance isn’t cheap. Available at [https://cisp.cachefly.net/assets/articles/attachments/91315\\_national-health-insurance-14-aug.pdf](https://cisp.cachefly.net/assets/articles/attachments/91315_national-health-insurance-14-aug.pdf), p. 7. Accessed on 18 August 2023.

<sup>61</sup> *Idem*.

<sup>62</sup> Shisana, O. 2023. *NHI debate is throwing up misconceptions – here are the facts*. Daily Maverick, 3 July. Available at <https://www.dailymaverick.co.za/opinionista/2023-07-03-nhi-debate-is-throwing-up-misconceptions-here-are-the-facts>. Accessed on 27 July 2023.

progress in achieving the tangible healthcare outcomes that are outlined on pages 6 and 7 of this report.<sup>63</sup>

### **Inequitable distribution claim**

The ANC persistently argues that the inequitable distribution of healthcare resources between the private and public sectors provide sufficient reason for a UHC in South Africa. It often states that South Africa allocates 8,5% of its GDP to healthcare, and from this the public health sector receives 4,1% of the GDP but has to cater to 84% of the population.<sup>64</sup> On the other hand, 4,4% of the GDP is “spent” on just 16% of the population.<sup>65</sup>

Van Staden also argues that the distribution of healthcare funding through NHI does not exhibit any signs of being “inequitable” or “fragmented”.<sup>66</sup> The assertion made by the ruling party is unfounded and involves conflating private funds with expenditures funded by taxes.<sup>67</sup> The ANC intentionally employs this assertion to shift blame away from shortcomings in the public sector. The choice of a person to acquire private healthcare has no direct impact on another person’s circumstances. Settas further contends that

[the] government’s policy position is an intentional diversionary blame game, a zero-sum policy argument that the private sector must be destroyed if the government is to repair a now increasingly dysfunctional public health system.

The argument made by the government also overlooks a crucial aspect: the South African taxpayer is already overtaxed,<sup>68</sup> with a relatively small population of taxpayers bearing a substantial responsibility, while also allocating a significant portion of their post-tax income to access private healthcare as a direct result of the insufficiency of the public healthcare system.<sup>69</sup>

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<sup>63</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers. pp. 202–217 (pp. 203–205).

<sup>64</sup> *Id.*, p. 209.

<sup>65</sup> Van Staden, M. 2019. *Deceiving the public – a critical analysis of the impact assessment of NHI white paper*. Available at [https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public\\_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper\\_2019.pdf](https://afriforum.co.za/wp-content/uploads/2021/11/Deceiving-the-public_A-critical-analysis-of-the-impact-assessment-of-NHI-white-paper_2019.pdf), p. 18. Accessed on 18 September 2023.

<sup>66</sup> *Idem.*

<sup>67</sup> Settas, M. 2021. *Response to Dr Crisp regarding NHI*. Available at <https://www.freemarketfoundation.com/article-view/response-to-dr-crisp-regarding-nhi>. Accessed on 18 August 2023.

<sup>68</sup> Du Buisson, T., 2023. National health insurance isn’t cheap. Available at [https://cisp.cachefly.net/assets/articles/attachments/91315\\_national-health-insurance-14-aug.pdf](https://cisp.cachefly.net/assets/articles/attachments/91315_national-health-insurance-14-aug.pdf), p. 7. Accessed on 18 August 2023.

<sup>69</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (p. 209).

## Scheduled for failure

### Corruption and state capture

According to Dr Shisana,<sup>70</sup> NHI will be classified as a Schedule 3 public entity similar to other organisations such as the Council for Scientific and Industrial Research, the Council of Geoscience, the Medical Research Council and the Agricultural Research Council (ARC). She further states that these public entities “have a proven track record of unqualified audits, and NHI is expected to operate similarly.” She continues:

According to National Treasury, Schedule 3 entities are mandated to fulfil the government’s specific economic or social responsibilities. They rely on government funding and have limited autonomy. This distinguishes them from Schedule 2 State-Owned Enterprises, such as Eskom and Denel, which are profit-driven and operate more independently. Therefore, comparing the NHI to Schedule 2 entities is flawed.

As NHI is poised to become a schedule 3 entity, it becomes vital to assess the state of other entities in the same category. Such an evaluation can offer insights into the possible path that NHI might take. There are over 154 schedule 3 entities,<sup>71</sup> and they are by no means immune to corruption or the damaging effects of state capture. The Zondo Commission brought to light the mechanisms through which state capture occurs and illustrated how powerful people had manipulated governmental laws and policies to serve their own interests. This intricate web of collusion between influential entities and individuals blurs the boundaries that separate the government from the economy, thus granting undue influence to a privileged few. Between 2014 and 2017, the impact of state capture is estimated to have caused staggering losses reaching up to R250 billion.<sup>72</sup> This financial toll contributed significantly to a substantial 4% decline in the country’s annual economic growth.

Notably, a prevailing sentiment that is shared among numerous analysts underscores the entrenched nature of state capture within the activities of the ruling ANC over an extended timeframe, as this promotes the party’s own political and ideological interests.<sup>73</sup> Political power is increasingly being viewed not merely as an instrument of governance to serve the public’s

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<sup>70</sup> Shisana, O. 2023. *NHI debate is throwing up misconceptions – here are the facts*. Daily Maverick, 3 July. Available at <https://www.dailymaverick.co.za/opinionista/2023-07-03-nhi-debate-is-throwing-up-misconceptions-here-are-the-facts>. Accessed on 27 July 2023.

<sup>71</sup> Corruption Watch. 2022. *New CW report on trends in procurement deviations, expansions, and debarment*. 4 August. Available at <https://www.corruptionwatch.org.za/new-cw-report-on-trends-in-procurement-deviations-expansions-and-debarment>. Accessed on 31 July 2023.

<sup>72</sup> Dhali, A. 2022. How is South Africa going to implement NHI when corruption is so rampant? *Bioethics Law* 15(3): 76 (p. 76). DOI: <https://doi.org/10.7196/SAJBL.2022.v15i3.741>.

<sup>73</sup> Martin, M.E. & Solomon, H. 2016. Understanding the Phenomenon of ‘State Capture’ in South Africa. *South African Peace and Security Studies*, 5(1): 21–33 (p. 21). Available at [http://www.saccps.org/pdf/5-1/5-1\\_DRMartin\\_DrSolomon\\_2.pdf](http://www.saccps.org/pdf/5-1/5-1_DRMartin_DrSolomon_2.pdf). Accessed on 18 September 2023.



interests, but as a strategic lever employed to extract personal financial gains from the state's resources. As a result, the economy is becoming more centralised, with the benefits and advantages that are generated by the economy becoming increasingly concentrated within a restricted segment of society.

Three examples demonstrate the extent of corruption and the influence of state capture associated with schedule 3 entities, which disprove Dr Shisana's statement. The Organisation Undoing Tax Abuse (OUTA)<sup>74</sup> has been probing the Services Sector Education and Training Authority (SSETA) since 2018. The different Sector Education and Training Authority (SETAs) are responsible for providing learners and potential workers with the essential skills that they need to enable them to secure employment and achieve a self-sustaining income. OUTA's investigation uncovered that the SSETA had spent a considerable sum of R163 million on a contract with a service provider to manage grant payments and a learner attendance system. However, hardly any services were delivered. The SSETA is only one of 21 SETAs, which makes the size of this contract concerning relative to their overall expenditures. The investigation by OUTA highlights the potential for fraud and corruption within SETAs.

Another concerning example is BrandSA, a schedule 3 entity that is tasked with promoting South Africa's image. In 2021, numerous concerning issues came to light, which compelled the government to address the entity's problems. Reports indicated that BrandSA was on the verge of collapse and revealed systemic flaws within the organisation, raising questions about the government's oversight and the board member selection processes.<sup>75, 76</sup> Further adding to public dismay, it was revealed that Mr Ajay Gupta, one of the notorious Gupta brothers, had served on the board of directors. This revelation further sparked concerns about potential conflicts of interest and the overall credibility of the institution.<sup>77</sup> Lastly, the ARC (mentioned by Dr Shisana, see p. 14) raised concerns as it appeared to disregard recommendations from the Government Technical Advisory Centre (GTAC). The GTAC recommended that the ARC take disciplinary measures against Mrs Besa Muthuri, a senior human resources manager. The allegations

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<sup>74</sup> Organisation Undoing Tax Abuse. 2023. *Services SETA corruption*. Available at <https://www.ouata.co.za/services-seta-corruption-hits-jobless-youth>. Accessed on 31 July 2023.

<sup>75</sup> Fengu, M. 2021. 'Brand SA is a disaster'. *City Press*, 18 April. Available at <https://www.news24.com/citypress/news/brand-sa-is-a-disaster-20210417>. Accessed on 31 July 2023.

<sup>76</sup> Areff, A. 2021. *Is the Brand SA collapse imminent? Acting minister says she is 'speedily' trying to fix the SOE*. News24, 24 April. Available at <https://www.news24.com/fin24/economy/is-the-collapse-of-brand-sa-imminent-govt-says-it-is-trying-to-fix-the-soe-as-fast-as-it-can-20210424>. Accessed on 20 July 2023.

<sup>77</sup> amaBhungane, News24, Scorpio & Scorpio. 2017. *#GuptaLeaks: How Ajay Gupta was trusted with crafting SA's global image*. 11 August. Available at: <https://amabhungane.org/stories/guptaleaks-how-ajay-gupta-was-trusted-with-crafting-sas-global-image/>. Accessed on 31 July 2023.

pertained to alleged misconduct in that irregular expenditure exceeded R11 million for the procurement of goods.<sup>78</sup>

The persistent extent of corruption and deterioration within schedule 3 entities – similar to what is witnessed in schedule 2 entities – underscores a significant issue. While refraining from delving into the broader corruption landscape of other schedule 3 entities, it is clear that there is valid concern for NHI as a schedule 3 entity under ANC management. This concern becomes even more apparent when viewed against the backdrop of the pre-existing challenges that are already confronting the healthcare sector.

The healthcare industry in South Africa, and more specifically the public health industry, is rife with corruption. Within the health industry, different systems of financing allow for different forms of corruption, according to Corruption Watch.<sup>79</sup> These include the misappropriation of funds, as well as the questionable procurement of medical supplies and medicines, including the involvement of counterfeit equipment and drugs. Additionally, nepotism and other forms of preferential treatment in staff hiring and advancement, including cadre deployment, serve as examples. What is more concerning is that officials who were at the forefront of spearheading the campaign for NHI were themselves implicated in corruption controversies,<sup>80, 81</sup> which leaves valid concern that the revenue that will emanate from the fund might be repurposed – most likely to support the ANC’s patronage network.<sup>82</sup> Some people who were appointed as key driving forces within NHI have a longstanding history within the ANC, most notably Dr Shisana<sup>83</sup> and the former Minister of Health, Dr Zweli Mkhize.<sup>84</sup>

Dr Mkhize, who previously served as the Chairperson of the ANC’s Healthcare Committee, has been linked to a significant Covid-19 corruption scandal that involved a contract with Digital Vibes to the amount of R150 million.<sup>85</sup> Similar allegations of corruption were levelled against other high-

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<sup>78</sup> Nonyane, M. 2022. Agricultural Research Council fails to act against senior manager accused of R11m irregular spending. *City Press*, 21 December. Available at <https://www.news24.com/citypress/news/agricultural-resources-council-fails-to-act-against-senior-manager-accused-of-r11m-irregular-spending-20221221>. Accessed on 16 July 2023.

<sup>79</sup> Corruption Watch, 2020. *X-ray: The critical state of the health sector in South Africa*. Available at [https://www.corruptionwatch.org.za/wp-content/uploads/2020/07/Corruption-Watch\\_R4\\_FINAL.pdf](https://www.corruptionwatch.org.za/wp-content/uploads/2020/07/Corruption-Watch_R4_FINAL.pdf). Accessed on 29 July 2023.

<sup>80</sup> Mitchley, A. 2023. *Senior Health Dept official Popo Maja Charged with corruption over R140m Digital Vibes contract*. News24, 21 June. Available at [www.news24.com/news24/southafrica/news/senior-health-dept-official-popo-maja-charged-with-corruption-over-r140m-digital-vibes-contract-20230621](http://www.news24.com/news24/southafrica/news/senior-health-dept-official-popo-maja-charged-with-corruption-over-r140m-digital-vibes-contract-20230621). Accessed on 26 September 2023.

<sup>81</sup> Myburgh, P-L. 2021. SIU report implicates Mkhize, DoH officials in Digital Vibes contract. *Daily Maverick*, 29 September. Available at [www.dailymaverick.co.za/article/2021-09-29-released-damning-siu-report-finds-at-least-r72m-fruitless-and-wasted-implicates-mkhize-doh-officials-in-digital-vibes-contract/?refresh=cache](http://www.dailymaverick.co.za/article/2021-09-29-released-damning-siu-report-finds-at-least-r72m-fruitless-and-wasted-implicates-mkhize-doh-officials-in-digital-vibes-contract/?refresh=cache). Accessed on 26 September 2023.

<sup>82</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (p. 212–213).

<sup>83</sup> Academy of Science of South. 2017. Olive Shisana. In *Legends of South African Science*, ASSAf, pp. 194–197 (p. 195). Available at <https://research.assaf.org.za/bitstream/handle/20.500.11911/74/OLIVE%20SHISANA.PDF?sequence=46&isAllowed=y>. Accessed on 26 September 2023.

<sup>84</sup> South African Government. 2023. *Zweli Lawrence Mkhize, Dr.* Available at <https://www.gov.za/about-government/contact-directory/cooperative-governance-and-traditional-affairs-ministry/zweli>. Accessed on 23 July 2023.

<sup>85</sup> Ndlovu, S. 2021. Ramaphosa places Mkhize on special leave amid corruption probe. *The Citizen*, 8 June. Available at <https://www.citizen.co.za/news/south-africa/breaking-news/zweli-mkhize-special-leave-corruption-probe-8-june/>. Accessed on 25 September 2023.

ranking Department of Health officials, including Mr Popo Maja.<sup>86</sup> Ironically, Dr Mkhize previously acknowledged the validity of concerns about NHI's susceptibility to corruption.<sup>87</sup> Recognising the need to resolve these concerns, he stated in 2009 that<sup>88</sup>

I want to make a point that for NHI, corruption will be a threat and therefore we are armed to make sure that we deal with the situation... that we do not run into the problem as though we didn't anticipate it.

Evidence of corruption, mismanagement and maladministration is often reflected in financial statements, taking the form of irregular expenditure, fruitless and wasteful expenditure, and unauthorised expenditure. In 2009 the Portfolio Committee on Health raised concerns about the escalating irregular expenditure by the Department of Health. Thirteen years later, in the 2021/2022 financial year, this is still a problem: the Department of Health recorded irregular expenditure of R1,3 billion.<sup>89</sup> Numerous agencies and individuals also reported on various occasions that several government health departments had wasted taxpayer money. Four blatant examples are illustrated below:

1. **Gauteng Department of Health** – A loss of R148,9 million resulted from the procurement of IT infrastructure without soliciting competitive bids, despite the availability of more cost-effective alternatives.<sup>90</sup>
2. **Northern Cape Department of Health** – The department entered into a radiology services agreement that underwent multiple extensions, wherein a mathematical miscalculation contained in the contract led to overpayments of more than an estimated R4 million.<sup>91</sup>
3. **Limpopo Department of Health** – The department is accused of tender irregularities and fraud involving the procurement of coal for hospitals without boilers.<sup>92</sup>
4. **KwaZulu-Natal Department of Health** – Dr Sibongile Zungu, former Director of the KwaZulu-Natal Department of Health, appeared in the Durban Specialised Commercial Crimes Court on charges of fraud and violation of the Public Finance Management Act 1 of 1999. The

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<sup>86</sup> Mail & Guardian. 2023. Former health spokesperson Popo Maja in court over alleged Digital Vibes graft. 21 June. Available at <https://mg.co.za/news/2023-06-21-former-health-spokesperson-popo-maja-in-court-over-alleged-digital-vibes-graft>. Accessed on 24 July 2023.

<sup>87</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to Socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (p. 212).

<sup>88</sup> Mitchley, A. 2019. *Corruption will be a threat to NHI, but health minister is ready to tackle it*. News24, 8 August. Available at <https://www.news24.com/news24/corruption-will-be-a-threat-to-nhi-but-health-minister-is-ready-to-tackle-it-20190808>. Accessed on 13 July 2023.

<sup>89</sup> Clarke, M. 2022. *Health Department wastes R1.3 billion of health budget*. Media statement by the Democratic Alliance, 12 October. Available at <https://www.da.org.za/2022/10/health-department-wastes-r1-3-billion-of-health-budget>. Accessed on 31 July 2023.

<sup>90</sup> Auditor General. 2022. *Consolidated general report on national and provincial audit outcomes*, p. 24. Available at <https://pfma-2021-2022.agsareports.co.za/wp-content/uploads/2022/12/22253B-2021-22-PFMA-General-Report-interactive-V3.pdf>. Accessed on 26 September 2023.

<sup>91</sup> *Ibid.*

<sup>92</sup> Phaladi, M. 2023. Limpopo Health Dept rocked by tender irregularities and fraud allegations. SABC News, 28 June. Available at <https://www.sabcnews.com/sabcnews/limpopo-health-dept-rocked-by-tender-irregularities-and-fraud-allegation>. Accessed on 31 July 2023.

allegations related to the irregular hiring and reselling of mobile clinics during the Covid-19 pandemic.<sup>93</sup>

The failure to comply with procurement procedures has also been identified as a primary driver of corruption,<sup>94</sup> while an important vehicle for this was preferential procurement, or broad-based black economic empowerment (B-BBEE; formerly black economic empowerment). The significant revenue generated by NHI is likely to be a honeypot for corruption, especially since all NHI procurement will be subject to B-BBEE regulations.<sup>95</sup> B-BBEE procurement, as pointed out by the Zondo Commission, has been (and continues to be) exploited by politically connected tenderpreneurs. This frequently leads to inflated market prices without the delivery of the promised products and services.<sup>96</sup> If NHI were to be put into effect, it would entrust the Department of Health with the regulation of all healthcare services.

NHI becomes all the more contentious when one considers the backdrop of corruption within a larger international context, as evident in Transparency International's Corruption Perception Index for 2022.<sup>97</sup> With a score of 43 out of 100, South Africa's position on the scale from 0 (highly corrupt) to 100 (very clean) remains a significant concern for its public sector's integrity. Out of the 180 countries that were analysed, South Africa was positioned 72<sup>nd</sup> in terms of corruption perception. Comparing South Africa to countries often cited by the ANC as models for UHC (see table 1 below), it becomes evident that these "benchmark" nations have exceptionally low corruption rates. In stark contrast, South Africa struggles with a persistent corruption issue. Therefore, the prospect of entrusting NHI to a department of health that operates in a context marked by significant corruption challenges raises serious concerns.<sup>98</sup>

Table 1: South Africa's corruption rank and corruption index score compared to other countries

	South Africa	Canada	Cuba	US	Europe (UK)
Corruption rank	72/180	14/180	65/180	24/180	18/180
Corruption index	43/100	74/100	45/100	69/100	73/100

<sup>93</sup> Nair, N. 2022. Former KZN health department HOD in court for fraud relating to mobile clinics. *TimesLIVE*, 30 May. Available at <https://www.timeslive.co.za/news/south-africa/2023-05-30-former-kzn-health-department-hod-in-court-for-fraud-relating-to-mobile-clinics/>. Accessed on 31 July 2023.

<sup>94</sup> Corrigan, T. 2022. The Zondo commission calls into question preferential procurement. *Politicsweb*, 5 July. Available at <https://irr.org.za/media/the-zondo-commission-calls-into-question-preferential-procurement-politicsweb>. Accessed on 17 July 2023.

<sup>95</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 212–213).

<sup>96</sup> Jeffery, A. 2015. *Draft BEE regulations must be rejected – pushing SA over a fiscal cliff*. *News24*, 22 July. Available at <https://www.news24.com/fin24/draft-bee-regulations-must-be-rejected-pushing-sa-over-a-fiscal-cliff-20150722>. Accessed on 25 September 2023.

<sup>97</sup> Transparency International. 2022. *2022 Corruption Perceptions Index*. Available at <https://www.transparency.org/en/cpi/2022>. Accessed on 25 July 2023.

<sup>98</sup> October, A. 2021. *In-depth: This is how health departments (mis)spend public funds*. *Spotlight*, 19 April. Available at <https://www.spotlightnsp.co.za/2021/04/19/in-depth-this-is-how-health-departments-misspend-public-funds/>. Accessed on 20 July 2023.

## Poor management

The public healthcare industry is characterised by ineffective management, negligence, poor leadership and governance failures at every level of the industry.<sup>99</sup> This is compounded by a general lack of accountability. During his seven-year tenure, outgoing Healthcare Ombudsman Prof. Malegapuru Makgoba investigated more than 10 000 complaints. He voiced deep concerns about the state of the country's public healthcare industry, stating that it is close to collapse.<sup>100</sup> On his last day in office, he compared the Gauteng Department of Health to a poorly managed and underperforming Eskom. He candidly remarked that expecting good results from hospitals and clinics run by individuals who lack the necessary expertise and dedication was unrealistic, referring to them metaphorically as "Mickey Mice".<sup>101</sup> These concerns are reflected in a 2009 analysis<sup>102</sup> that revealed that overspending in provincial health departments was attributed to serious management flaws and leadership gaps, particularly regarding quality and service delivery. Fragmented healthcare service planning, a lack of coordination and integration between national and provincial health departments, and the existence of *de facto* health departments instead of a strong national health system were identified as hindrances to the optimal performance of the public health industry.<sup>103</sup> Little has changed since the report's release, as mismanagement and maladministration issues continue to be a growing concern.<sup>104</sup> The Orsmond Tuberculosis Hospital serves as an example of poor management and accountability: although this hospital in Kariega was shut down, the medical staff at the hospital continued to receive their salaries for two years after the hospital closed its doors, which amounted to R67 million. The 45 employees reportedly declined to be reassigned to other medical facilities in the district, which further escalated the situation.<sup>105</sup>

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<sup>99</sup> Rispel, L. 2016. Analysing the progress and fault lines of health sector transformation in South Africa. In *South African Health Review*, 2016(1): 17–23 (pp. 18–19). Available at: <https://www.hst.org.za/publications/South%20African%20Health%20Reviews/2%20Analysing%20the%20progress%20and%20fault%20lines%20health%20sector%20transformation%20in%20South%20Africa%20.pdf>. Accessed on 26 September 2023.

<sup>100</sup> Fokazi, S. 2023. 'They change CEOs like panties': outgoing ombud lashes ailing Gauteng, Eastern Cape health departments. *TimesLIVE*, 31 May 2023. Available at <https://www.timeslive.co.za/sunday-times-daily/news/2023-05-31-they-change-ceos-like-panties-outgoing-ombud-lashes-ailing-gauteng-eastern-cape-health-departments/>. Accessed on 16 August 2023.

<sup>101</sup> Mntambo, N. 2023. Outgoing health ombudsman Makgoba says over 10,000 complaints probed in his term. *Eyewitness News*, 31 May. Available at <https://ewn.co.za/2023/05/31/outgoing-health-ombudsman-makgoba-says-over-10-000-complaints-probed-in-his-term>. Accessed on 25 July 2023.

<sup>102</sup> Gray, A. & Vawda, Y. 2016. Health policy and legislation. In Padarath, A., King, J., Mackie, E. & Casciola J. (Eds.). *South African Health Review* 2016. Available at <https://www.hst.org.za/publications/South%20African%20Health%20Reviews/1%20Health%20Policy%20and%20Legislation.pdf>, pp. 18–29. Accessed on 26 September 2023.

<sup>103</sup> Rispel, L. 2016. Analysing the progress and fault lines of health sector transformation in South Africa. In *South African Health Review*, 2016(1): 17–23 (pp. 18–19). Available at: <https://www.hst.org.za/publications/South%20African%20Health%20Reviews/2%20Analysing%20the%20progress%20and%20fault%20lines%20health%20sector%20transformation%20in%20South%20Africa%20.pdf>. Accessed on 26 September 2023.

<sup>104</sup> Mokoena, S. 2022. *National Assembly Debates Corruption in Public Healthcare System – Parliament of South Africa*. Available at <https://www.parliament.gov.za/news/national-assembly-debates-corruption-public-healthcare-system>. Accessed on 24 July 2023.

<sup>105</sup> Democratic Alliance. 2023. R67 million paid to staff of EC hospital closed two years ago. Media statement by the Democratic Alliance on 13 July. Available at <https://www.da.org.za/2023/07/r67-million-paid-to-staff-of-ec-hospital-closed-two-years-ago>. Accessed on 16 August 2023.



## A looming brain drain

The implementation of NHI will most likely exacerbate an existing **staff shortage** and does not offer a credible solution. The Department of Health argues that NHI will help alleviate the shortage of health professionals by redistributing the existing pool more effectively;<sup>106</sup> however, this does not address the root cause of the growing crisis. By 2022, the doctor to patient ratio in South Africa stood at 1:31, which translates to 0,31 doctors for every 1 000 patients.<sup>107</sup> In addition to this, in 2022, South Africa listed a critical **skills shortage** of more than 27 000 healthcare workers.<sup>108</sup>

The declining availability of doctors and nurses, coupled with the sluggish advancement of medical skills, presents a significant risk to the current healthcare industry in South Africa, yet the introduction of NHI is projected to potentially aggravate this concern. Instead of expanding capacity, it is predicted that there will be a conceivable reduction in the number of healthcare providers and facilities once NHI is implemented.<sup>109, 110</sup> The South African Medical Association (SAMA) has criticised the NHI Bill for lacking essential details and emphasised the “uncertainty and anxiety” it was causing among medical professionals.<sup>111</sup> A 2018 study by the Solidariteit Navorsingsinstituut (SNI)<sup>112</sup> revealed that 85% of surveyed healthcare workers believed that the implementation of NHI could trigger an exodus of healthcare professionals from the country. This figure increased to 94% in 2023.<sup>113</sup> Alarmingly, 47% of respondents stated that they would commence the emigration process immediately after NHI is officially implemented in South Africa, while 99% of respondents are deeply concerned about the government’s inability to administrate and manage NHI.<sup>114</sup>

To add to staff shortages, the government created several barriers and crippled essential skills by prioritising cost-inefficient programmes that are riddled with red-tape and bureaucracy. As of 2022,

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<sup>106</sup> Department of Health. 2020. *Some key messages on National Health Insurance (NHI)*. Available at <https://www.health.gov.za/wp-content/uploads/2020/11/some-key-messages-on-nhi.pdf>. Accessed on 10 August 2023.

<sup>107</sup> Clarke, M. 2022. *Critical shortage of doctors in SA – less than 1 doctor for every 1 000 patients*. Democratic Alliance, 9 May. Available at <https://www.da.org.za/2022/05/critical-shortage-of-doctors-in-sa-less-than-1-doctor-for-every-1-000-patients>. Accessed on 25 September 2023.

<sup>108</sup> Ismail, H. 2022. *27 000 critical skills shortages in health sector*. Media statement by the Democratic Alliance on 22 June. Available at <https://www.da.org.za/2022/06/27-000-critical-skills-shortages-in-health-sector>. Accessed 18 July 2023.

<sup>109</sup> Jutta Medical Brief. 2020. *MPs debate problem of tens of thousands of NHI Bill submissions*. 9 September. Available at <https://www.medicalbrief.co.za/mps-debate-problem-of-tens-of-thousands-of-nhi-bill-submissions>. Accessed on 17 July 2023.

<sup>110</sup> Jeffery, A. 2023. *The NDR and healthcare*. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 211–212).

<sup>111</sup> Yoganathan, V. 2023. *Netcare Again Warns of SA’s Critical Nursing Shortage*. Jutta Medical Brief, 11 Jan. 2023. Available at [www.medicalbrief.co.za/netcare-again-warns-of-sas-critical-nursing-shortage/#:~:text=The%20country%20is%20short%20of](https://www.medicalbrief.co.za/netcare-again-warns-of-sas-critical-nursing-shortage/#:~:text=The%20country%20is%20short%20of). Accessed on 25 September 2023.

<sup>112</sup> Solidariteit. 2018. *Comment by Solidarity on the National Health Insurance Bill*. Solidariteit, pp. 2–7. Available at [https://solidariteit.co.za/wp-content/uploads/2018/10/NHI\\_-SOLIDARITY\\_2018-09-21.pdf](https://solidariteit.co.za/wp-content/uploads/2018/10/NHI_-SOLIDARITY_2018-09-21.pdf). Accessed on 20 July 2023.

<sup>113</sup> Welthagen, N. 2023. *Healthcare worker’s knowledge, insight and opinion of the proposed National Health Insurance (NHI)*. Available at <https://cms.solidariteit.co.za/wp-content/uploads/2023/09/Proposed-National-Health-Insurance-NHI-1.pdf>, p. 8. Accessed on 25 September 2023.

<sup>114</sup> *Ibid*, p. 15.

the South African taxpayer has already spent almost R258 million on 229 Cuban doctors,<sup>115</sup> the expenses continue to accumulate to cover the salaries of these doctors. Despite their support for foreign doctors, continual budget constraints have raised questions as to how the government will continue to absorb the local doctors that it produces, according to Hogg.<sup>116</sup> To add to budgetary constraints, the South African government implemented a Cuban-trained doctor programme in 1996,<sup>117</sup> which diverts attention away from domestic education. The Nelson Mandela-Fidel Castro training programme sends medical students to Cuba at an annual expenditure of more than R277 641,54 per student for tuition, housing, insurance, meals and a stipend. In contrast, training South African medical students costs approximately R150,000 per year.<sup>118</sup>

There is not only a critical shortage of doctors in South Africa, but also of other indispensable healthcare professionals. Netcare, one of the country's most prominent private healthcare networks, has issued warnings about a pressing shortage of nurses, with estimates ranging between 26 000 and 62 000 personnel.<sup>119</sup> Despite the private sector's willingness and capacity to train additional nursing professionals while upholding quality standards, purported constraints that are imposed by the Department of Health hinder these endeavours.<sup>120</sup> The present shortage of nurses is further exacerbated by recent reforms in training protocols, institutional accreditation procedures and moratoria placed on nursing education and training. Consequently, the private sector's intake of trainee nurses has seen a marked reduction. If one considers the persistent challenges, it is highly plausible that these professionals would actively seek employment opportunities abroad. This situation is mirrored by the efforts of countries like Germany, Ireland and Canada to absorb South African nurses to address their own staff shortages within their respective healthcare systems.<sup>121</sup> Under NHI, South Africa would experience an even greater shortage of medical staff, resulting in a significant lack of high-quality and specialised healthcare services.<sup>122</sup>

<sup>115</sup> Parliamentary Monitoring Group. 2022. Question NW1945 to the Minister of Public Service and Administration. Available at <https://pmg.org.za/committee-question/19233/>. Accessed on 18 August 2023.

<sup>116</sup> Hogg, A. 2022. Training medics in Cuba is costly and inefficient. BizNews.com, 22 November. Available at <https://www.biznews.com/undictated/2022/11/02/training-medics-cuba-costly>. Accessed on 26 September 2023.

<sup>117</sup> Kahn, T. 2023. Provinces carry exorbitant cost of training SA doctors in Cuba. BusinessLIVE, 31 October. Available at <https://www.businesslive.co.za/bd/national/health/2022-10-31-provinces-carry-exorbitant-cost-of-training-sa-doctors-in-cuba/>. Accessed on 24 August 2023.

<sup>118</sup> *Idem*.

<sup>119</sup> Yoganathan, V. 2023. Netcare Again Warns of SA's Critical Nursing Shortage. *Juta Medical Brief*, 11 January. Available at [www.medicalbrief.co.za/netcare-again-warns-of-sas-critical-nursing-shortage/#:~:text=The%20country%20is%20short%20of](http://www.medicalbrief.co.za/netcare-again-warns-of-sas-critical-nursing-shortage/#:~:text=The%20country%20is%20short%20of). Accessed on 25 September 2023.

<sup>120</sup> *Juta Medical Brief*. 2022. Nursing council denies preventing private hospitals from training nurses. 10 August. Available at <https://www.medicalbrief.co.za/nursing-council-denies-preventing-private-hospitals-from-training-nurses/>. Accessed on 19 July 2023.

<sup>121</sup> *Business Tech*. 2023. South Africa skills crisis – Germany, Ireland and Canada ready to eat up local talent. 14 July. Available at <https://businesstech.co.za/news/government/703577/south-africa-skills-crisis-germany-ireland-and-canada-ready-to-eat-up-local-talent/>. Accessed on 21 August 2023.

<sup>122</sup> Solidariteit, 2021. *NHI report: No support from healthcare workers*. Available at <https://solidariteit.co.za/en/nhi-report-no-support-from-healthcare-workers/>. Accessed 24 July 2023.

## Public infrastructure

The country has a significant lack of adequate investment in public health infrastructure, especially considering the massive infrastructure needs and backlogs in the public healthcare industry.<sup>123</sup> To participate in NHI, health facilities will have to undergo certification by the Office of Health Standards Compliance (OHSC) and accreditation by a sub-unit of NHI. The OHSC was established in 2014 under the National Health Amendment Act 12 of 2013 to address issues of quality in health services across both the public and private sectors. The OHSC's inspections revealed concerning findings.

Dr Jeffery<sup>124</sup> points out that out of approximately 730 public facilities<sup>125</sup> that were inspected in 2018 by the OHSC, only 1% of the public clinics and hospitals that were inspected were fully compliant with the basic standards. Another 5% conformed with the requirements to some extent, with 16% classified as “conditionally compliant”, while the remaining 77% failed to comply. Among these non-compliant facilities, 29% were conditionally compliant with grave concerns, 34% were deemed non-compliant and 14% were classified as critically non-compliant. Subsequent inspections have continued to produce similar or even worse results.

According to Dayimani,<sup>126</sup> the NHI proposal lacks a comprehensive solution to address the existing infrastructure deficit. Its implementation may result in reduced availability of resources for the general public, especially considering the expected increase in demand for “free” healthcare services under NHI, while most facilities do not comply with OHSC standards. To illustrate the dire state of some healthcare facilities, the Orsmond Tuberculosis Hospital in Kariega again serves as an example. Specifically, Ward G, a renovated Covid-19 ward, was completed so poorly that it should never have been approved.<sup>127</sup> The facility exhibited huge cracks in the walls and massive gaps were evident throughout the structure. This raised serious concerns among staff members, who feared the building might collapse. Molelekwa<sup>128</sup> also reported that during Covid-19 “dirt and used surgical equipment covered the floor”<sup>129</sup> of

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<sup>123</sup> Baduza, M. & Lencoasa, M. 2023. Opinion: underinvestment in healthcare infrastructure will cost us in the long run. *Spotlight*. Available at <https://www.spotlightnsp.co.za/2023/03/03/opinion-underinvestment-in-healthcare-infrastructure-will-cost-us-in-the-long-run/>. Accessed on 12 July 2023.

<sup>124</sup> Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 211–212).

<sup>125</sup> There are an estimated 3 900 state facilities which include public clinics and hospitals. See:

- Jeffery, A. 2023. The NDR and healthcare. In *Countdown to socialism*. Cape Town: Jonathan Ball Publishers, pp. 202–217 (pp. 211–212).

<sup>126</sup> Dayimani, M. 2021. *Walls of Eastern Cape TB hospital falling apart, patients, nurses fear being buried alive*. News24, 14 July. Available at <https://www.news24.com/news24/southafrica/news/walls-of-eastern-cape-tb-hospital-falling-apart-patients-nurses-fear-being-buried-alive-20210714>. Accessed on 1 August 2023.

<sup>127</sup> *Ibid.*

<sup>128</sup> Chabalala, J. 2021. *What the Public Protector found after probing state of healthcare at some public hospitals*. News24, 1 October. Available at <https://www.news24.com/news24/southafrica/news/what-the-public-protector-found-after-probing-state-of-healthcare-at-some-public-hospitals-20211001>. Accessed 20 August 2023.

<sup>129</sup> Molelekwa, T. 2022. Gauteng Health: Has a damning Public Protector report had any impact? *City Press*, 25 May. Available at <https://www.news24.com/citypress/news/gauteng-health-has-a-damning-public-protector-report-had-any-impact-20220525-2#:~:text=After%20a%20visit%20to%20several>. Accessed on 1 August 2023.

Livingstone Hospital, while the Public Protector’s report highlighted the deplorable state of six Gauteng hospitals.<sup>130</sup>

## Conclusion

AfriForum raises significant concerns regarding the feasibility of NHI. This flagship initiative of the ANC – previously endorsed by former Health Minister Aaron Motsoaledi – is aimed at “radically” transforming public healthcare.<sup>131</sup> However, the current state of the ANC-managed public healthcare system is dire, and the nationalisation of the private healthcare industry could potentially replicate the pattern of state-owned enterprises, necessitating repeated bailouts that are ultimately borne by taxpayers.

Under the proposed NHI the freedom to choose healthcare options would be limited to a political party with a track record of corruption and through which political patronage contributed to the state-capture of various SOEs.

NHI will also compel medical professionals to leave the country in search of better working conditions, free from bureaucratic constraints and deplorable working conditions. The ANC’s advocacy for a socialist and eventually a communist state resonates with historical examples, such as the Soviet Union (later the Russian Federation), which witnessed one of the world’s poorest healthcare systems by the end of the 20<sup>th</sup> century. Ebeling<sup>132</sup> emphasises that the assumption that a radical shift in the current imperfect system will promptly lead to perfection overlooks the lessons history can provide. Drawing from the mistakes of neighbouring nations can serve as a guide to avoiding ill-advised paths.

In all likelihood, the ANC and their NHI Bill (if signed into law) will most likely follow a similar trajectory, potentially leading to comparable consequences if it is not halted.

AfriForum will continue to oppose the unfeasible and ideologically driven NHI.

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<sup>130</sup> Public Protector. 2021/2022. *Report on an investigation into the administration, management and the responsiveness of certain Gauteng hospitals to the Covid-19 pandemic*. Available at [https://www.pprotect.org/sites/default/files/legislation\\_report/GP%20HOSPITALS%20FORMAL%20REPORT%2030092021%20FINAL.pdf](https://www.pprotect.org/sites/default/files/legislation_report/GP%20HOSPITALS%20FORMAL%20REPORT%2030092021%20FINAL.pdf). Accessed on 25 September 2023.

<sup>131</sup> Sapa. 2011. *Motsoaledi: NHI may reduce medical costs*. News24, 12 August. Available at <https://www.news24.com/fin24/motsoaledi-nhi-may-reduce-medical-costs-20110812>. Accessed on 25 August 2023.

<sup>132</sup> Ebeling, A. 2008. *Socialised health care: The communist dream and the soviet reality*. Available at <https://fee.org/resource/socialised-health-care-the-communist-dream-and-the-soviet-reality/>. Accessed on 26 July 2023.