

Rachel Theron

HOMETOWN Stellenbosch

UNIVERSITY University of Stellenbosch

FUNDING Parents

In 10 years' time ...

'I will be a successful entrepreneur living in Cape Town and travelling around the world.'



Essay synopsis

Rachel's essay considers whether a National Health Insurance (NHI) programme is affordable, given the fiscal constraints faced by the country and as the calculation of the cost does not properly account for the anticipated changes in demand that will occur. For example, South Africa is considered to have a high burden of disease, including the HIV/Aids epidemic, which makes it difficult to predict how demand will increase when healthcare is provided free of charge for all citizens.

She notes that the main funding options are through increasing direct tax (ie income tax), indirect tax (eg VAT), payroll taxes or premiums. An increase in direct tax, she states, could allow for a relatively high tax threshold, similar to the Medicare Levy in Australia. Rachel advises caution – stating that the increase in demand for public health services resulted in lengthy waiting periods and general public dissatisfaction, leading to the Australian government having to change its policies by providing private

health insurance rebates to encourage the use of private health insurance as demand exceeded supply.

She suggests that South Africa tailor a programme to its own needs, given its small tax base, high burden of disease and high unemployment levels. A 'one size fits all' model simply will not work. Based on the international experience in this regard, it would seem that a combination of direct taxes and payroll taxes might be the best option for funding the NHI for South Africa. However, a gradual approach is recommended if this is to be achieved in the medium to longer term.

More about Rachel

Favourite subjects:

Development Economics, Public Economics

Interests:

Outdoor activities

Inspired by:

My mother

Main achievements:

- Radio presenter: MFM 92.6 (2012 to 2014)
- Debating team: second place, Western Cape Provincial World Schools' Debating tournament (2011)
- House Committee member: Harmonie Residence (2015)
- Provincial colours: Underwater hockey (2010)