**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **1405** **[NW1440E]**

**DATE OF PUBLICATION: 5 MAY 2023**

**1405. Mr E M Buthelezi (IFP) to ask the Minister of Finance: [🟊211][ Question submitted for oral reply now placed for written reply because it is in excess of quota (Rule 137(8))]**

Considering the fact that load shedding poses a threat to financial stability and that insufficient and unreliable electricity supply is likely to threaten the success of small and medium-sized enterprises (SMEs) as it has caused a reduction in business activity from SMEs, what measures has the National Treasury put in place to aid business owners in mitigating the financial impact of load shedding on their businesses, especially the SMEs located in rural areas? NW1440E

**REPLY**

National Treasury is concerned with the impact of insufficient and unreliable electricity supply on the broader economy, including SMEs and households. In this regard, National Treasury has, as announced in 2023 Budget Speech, undertaken various interventions. Some aim to reduce the negative impact as a result of load shedding, while other measures aim to encourage an expansion in the country’s generation capacity – particularly from renewables.

The first intervention relates to the measures taken to return ESKOM to stability and sustainability given that ESKOM remains the principal electricity generat.ing entity. National Treasury proposed a total debt relief arrangement for Eskom of R254 billion. This consists of two components. One is for R184 billion, which represents Eskom’s full debt settlement requirement in three tranches over the medium term. The second is a direct take-over of up to R70 billion of Eskom’s loan portfolio in 2025/26. Because of the structure of the debt relief, Eskom will not need further borrowing during the relief period. Government will finance the arrangement through a R66 billion baseline provision announced in the 2019 Budget, and R118 billion in additional borrowings over the next three years.

Secondly, as announced in the 2023 Budget, from 1 March 2023, businesses will be able to reduce their taxable income by 125 per cent of the cost of an investment in renewables. There will be no thresholds on the size of the projects that qualify, and the incentive will be available for two years to stimulate investment in electricity generation capacity from renewables in the short term. Further, there is also a new temporary tax incentive introduced to encourage households to invest in clean electricity generation capacity which can supplement electricity supply. Individuals who install rooftop solar panels from 1 March 2023 will be able to claim a rebate of 25 per cent of the cost of the panels, up to a maximum of R15 000. This can be used to reduce their tax liability in the 2023/24 tax year. This incentive will be available for one year.

Thirdly, also announced in the 2023 Budget, National Treasury will make changes to the Bounce Back Loan Guarantee Scheme (introduced in 2022) to incentivize renewable energy, rooftop solar, and address energy-related constraints experienced by small and medium enterprises. Government will guarantee solar-related loans for small and medium enterprises on a 20 per cent first-loss basis. National Treasury will launch the Energy Bounce Back Scheme in the coming weeks.

For more information, I refer the Honourable Member to the 2023 Budget Review and subsequent Bills introduced in Parliament or published for public comment on the National Treasury website.