



Press Release - Final draft

12L Tax Incentive drives both jobs and energy savings

A new report highlights the positive impact of the popular tax incentive on jobs since 2013.

One of South Africa's major energy initiatives has proven to be a huge success not only in the realm of the environment, but also employment. The 12L Energy Efficiency Tax Incentive was introduced in November, 2013, to encourage businesses to cut both their energy costs and tax burdens. The overarching aim was to alleviate strain on national energy resources, while curbing greenhouse gas emissions. Over the last decade, job creation has emerged as a significant effect of the programme, too.

"The incentive has been able to generate new jobs, maintain existing jobs, and generate a residual effect of indirect jobs," says Stalin Ndlovu, 12L Lead and Senior Advisor for Measurement and Verification at the South African National Energy Development Institute (SANEDI) - the regulatory body behind the tax incentive programme. "Businesses can expand their operations with access to the incentive, thereby creating and sustaining jobs."

The new Job Impact Report released by SANEDI looks at what has been achieved over the ten-year period from 2013 to 2023. Key findings include:

- Total energy savings of 27.6 TWh
- Gross tax rebate of R22.6 billion
- Greenhouse gas emission reduction of 26.7 tonnes
- At least 449 jobs created, with an estimated R136,337,952 per annum injected into the economy

Notable beneficiaries of the incentive were Woolworths Holdings Ltd, who saw a 10% reduction in energy consumption, and approximately R35 million in electricity cost savings over a six year period starting from the 2015 financial year; and Golden Arrow Bus Services (Pty) Ltd, who recorded a 2.5% reduction in energy consumption, with over R1.8 million saved, between April 1, 2016 and March 31, 2017.

South Africa has one of the highest unemployment rates in the world, with a rate of 34.4% recorded in the second quarter of 2021. Against this backdrop, job creation becomes a significant point of consideration for energy initiatives - even if it is not the primary focus.

To assess the 12L Tax Incentive's impact on job creation, SANEDI surveyed a number of participating organisations, reaching out to a total of 150. Of these, 27 responded, with 23 acknowledging a

noticeable benefit on employment. It is from these 23 responses that SANEDI was able to confirm a minimum of 449 jobs had been created directly from the incentive. 98% of the jobholders were South African, with 60% of black ethnicity. Ndlovu explains that the new jobs were associated with the work of energy-services companies that implement energy-efficiency projects.

The SANEDI report suggests that from the available data, it seems reasonable to infer that a far greater number of jobs have likely been created - both directly and indirectly, with a substantial impact on the current - and future - economy.

The 12L Tax Incentive is currently claimable until December 2025, but Ndlovu hopes that it will not end there. "Our aspiration is that the scheme will be extended, and that mechanisms will be implemented to facilitate and enhance the participation of small and medium-sized enterprises," he says.

Businesses can find the streamlined application procedure at <https://sanedi12ltax.org.za>. Enquiries can be submitted via email to 12l@sanedi.org.za.

ENDS

Notes for media:

The 12L Tax Incentive, according to the Income Tax Act, 1962 (Act No. 58 of 1962) provides an allowance for businesses to implement energy-efficiency savings. The savings allow for the tax deduction of 95c/kwh saved on energy consumption.

About SANEDI:

The South African National Energy Development Institute (SANEDI), established by the Government, directs, monitors, and conducts applied energy research to develop innovative, integrated solutions to catalyse growth and prosperity in the green economy. It drives scientific evidence-driven ventures that contribute to youth empowerment, gender equity, environmental sustainability, and the 4th Industrial Revolution, within the National Development Plan (NDP), through consultative, sustainable energy projects. For more information, visit www.sanedi.org.za.

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