



## ALCONCP\_ NEWLY APPROVED RATE REBATE INCENTIVE BENEFICIARY

What once was a rum distillery along the Umgeni River has evolved into something extraordinary. The journey of AlcoNCP has been a beacon of innovation and excellence in the heart of our city! From its humble beginnings as a rum distillery on the banks of the Umgeni River 150 years ago, AlcoNCP has emerged as a global leader in producing top-quality neutral alcohol. As a key player in the AlcoGroup, AlcoNCP specializes in the production, distribution, and trade of over 1 million m<sup>3</sup> of bio-ethanol worldwide, catering to diverse industries such as food, industrial, and biofuel markets. Their commitment to excellence has earned them international recognition and accolades, solidifying their position as a powerhouse in the industry. AlcoGroup's latest milestone is a groundbreaking investment to enhance capacity and energy efficiency by transitioning to maize feedstock for alcohol production. This bold move not only underscores NCP Alcohols' commitment to sustainability but also sets a new standard for environmental responsibility in the sector.



Alco NCP is a beneficiary of a property rate rebate from the eThekweni Municipality as per the incentive policy designed to promote sustainable growth. On June 7, 2022, the eThekweni Council approved a rate rebate incentive for AlcoNCP. Subsequently, the Memorandum of Agreement (MOA) with Alco NCP was signed on December 28, 2022. This agreement, which is set to be implemented over three years from the MOA's effective date, offers rebates on the expansion of property valued at R16,580,000. This initiative aims to encourage and support the company's expansion and job creation efforts and its commitment to environmental sustainability.

This strategic decision by the eThekweni Municipality to provide a rate rebate incentive aligns with Alco NCP's ambitious expansion plans, which include the development of a new 3,185 sqm facility with an investment totaling R23.9 million. The council's resolution to grant a 75% rate rebate for three years underscores the project's congruence with critical objectives: promoting investment in prime or spatial priority areas, supporting targeted sectors in manufacturing within the city, and aligning with a strategic range of investment values and job creation within the city.

The recently constructed facility has led to the creation of nine permanent roles, with the possibility of further job openings as AlcoNCP starts to realize the benefits of the rate rebate relief. Moreover, the facility is anticipated to make a contribution of around R14.0 million to the local economy. AlcoNCP also stands out as one of the premier local exporters to markets across Africa and internationally. It exports 60% of ethanol largely to African countries and 40% is for local use. DDGS (the animal feed co-product) is 100% local (KZN).



Before the incentive, AlcoNCP was contributing annual rates of R690,441 for the new expanded site. With the rebate now in effect, the company will enjoy an annual relief of R517,831 on these rates, reducing its annual payment to R172,610. The anticipated rate value for the incentive site remains consistent at R172,610 annually. This agreement results in significant savings of R1.56 million for AlcoNCP, representing 6.5% of the investment in the new expansion, over the next three years. It applies solely to the newly developed structure, illustrating eThekweni's active role in encouraging industrial expansion, attracting investment, and enhancing local productivity. Upon completion of the three-year incentive duration, the city forecasts recouping the provided relief funds within 18 months.

The executive team at Alco NCP has expressed serious concerns following Sasol's announcement in 2023 about discontinuing gas supply to the country by July 2026. Currently, AlcoNCP relies on gas for 1% of its operations, making this a significant threat to its existence and many other companies in South Africa. In response, AlcoNCP is exploring alternative energy sources to ensure business continuity, with electricity identified as a viable option to lessen reliance on gas. However, the quality of electrical supply in the Springfield Park area is subpar, with voltage and frequency fluctuations causing critical machinery to malfunction and leading to factory shutdowns.



The eThekweni Municipality Economic Development Unit in partnership with other internal Units continues to support and celebrate the success stories of businesses committed to making a difference.

For more information on the Incentive Policy, you can contact Vuyokazi Ndzimande at [Vuyokazi.Ndzimande@durban.gov.za](mailto:Vuyokazi.Ndzimande@durban.gov.za) and Nuthan Maharaj at [Nuthan.Maharaj@durban.gov.za](mailto:Nuthan.Maharaj@durban.gov.za)