

Sol's legacy haunts Wild Coast

The king of Pondoland has threatened to block the Wild Coast Sun's bid to renew its gambling licence because of the tiny rent it pays the state for its prime beachfront site and the alleged broken promises of community benefit.

Central to the dispute is a 50-year extension of the resort's lease – granted by the Transkei government in the dying days of apartheid despite corruption charges pending against „Sun King“ Sol Kerzner.

The Wild Coast Sun, majority-owned by Sun International, nestles on 640ha of pristine state land bordered by two rivers and „one of the most unspoiled beaches in Southern Africa“, according to its publicity material. It pays the rental of a modest city home.

Former Transkei military ruler Bantu Holomisa said this week he did not know how the lease extension had „slipped through“. But, he added, his government had not wanted to close down Sun International's operations even while it pursued Kerzner.

Kerzner built resorts, including the Wild Coast Sun and Sun City, in the bantustans to exploit white South African's thirst for gambling and risqué entertainment banned in „white“ South Africa. He has weathered corruption allegations, including one relating to his payment of ZAR 2-million to former Transkei prime minister George Matanzima. Kerzner has since quit SI.

The latest fracas centres on the expiry of the Wild Coast Sun's gambling licence at the end of August. It has applied for a new licence, which the Eastern Cape gambling board will consider at a hearing on Tuesday.

Sun International has announced a ZAR 340-million upgrade of the resort, presumably dependent on the success of its application.

King Mpondombini Sigcau, in whose territory the resort falls, told the gambling board in May that he opposed the application.

He and the Mpondo nation had enjoyed no benefit from the licence and the new application included none, he charged.

„Considerable benefits which are to be derived from this gambling licence must include benefits to the king, the royal family and the entire Mpondo nation.“

Sun International reported revenues of ZAR 239-million and an operating profit of ZAR 39-million at the Wild Coast Sun last year.

Sigcau then asked the gambling board to postpone its hearing, saying he needed time to investigate the resort's lease and compliance with earlier undertakings.

When the board refused, Sigcau's lawyers wrote to the Wild Coast Sun last week threatening to interdict the hearing should it not make suitable proposals to fulfil past promises and include the king, representing his subjects, in its empowerment structures.

Sigcau's lawyers raised the lease, a copy of which the Mail & Guardian has obtained.

Originally granted to Holiday Inn in 1979, the lease was signed by then Transkei president Kaizer Matanzima. The ZAR 30 000 annual rent was for a period of 50 years and made no provision for escalation.

Sun International, then headed by Kerzner, acquired the rights in the mid-1980s at a time when he also channelled R2-million to George Matanzima during negotiations giving Kerzner

exclusive gambling rights in Transkei.

Kerzner, who originally denied the payments, finally confessed to the Harms Commission on cross-border irregularities. He claimed, however, that the payment was extorted from him. The Transkei attorney general decided to prosecute Kerzner for corruption and applied for his extradition from apartheid South Africa in 1991. The request was refused in 1993 and the case was dropped some years later when the attorney general said witnesses had been lost or become unreliable.

In 1992, even though it was actively pursuing Kerzner, Holomisa's government signed an addendum to the 1979 lease, giving the Wild Coast Sun an option to extend it by a further 50 years when it lapses in 2029.

There are two remarkable aspects to the addendum: the escalation was at only 5% a year, and the new rent cannot be raised by more than 15% when it expires.

The M&G calculates the present rent as about ZAR 69 000 a year or ZAR 5 700 a month.

Sigcau's lawyers also raised this and the Mpondos' alleged exclusion from the resort's community upliftment commitments.

They challenged the Wild Coast Sun to show how a 30% empowerment stake which had been sold to a community trust benefited the Mpondo and queried why the king had been „sidelined“ from this trust and included in a separate trust which has seen no benefit.

Sun International did not comment on the lease this week. A spokesperson said, however, that the gambling board had specified who should benefit from the empowerment stake and that the benefits should be extended to the larger community in the area, including the Mpondo.

He said more than ZAR 4-million had accumulated in a „special

account“ for the trust in which the king is involved, but that it had not been paid over as an amendment to the trust deed had yet to be registered.