



Mr Adam McCarthy
Australian High Commissioner to South Africa
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South Africa

By email: pretoria.info@dfat.gov.au
And by fax: 012 342 8442

4 April 2016

Dear Mr McCarthy

FUNDING OF MRC RESOURCES THROUGH THE AUSTRALIAN DIRECT AID PROGRAM

1. The Centre for Environmental Rights (CER) is a non-profit organisation and law clinic based in Cape Town that helps communities defend their right to a healthy environment. We do this by advocating and litigating for transparency, accountability and compliance with environmental laws. In this capacity, we closely follow the activities of companies with significant environmental impacts that threaten the rights of communities to a healthy environment.
2. Mineral Commodities Limited (or MRC) is an Australian listed company which operates in South Africa through its subsidiaries, MRC Resources (Pty) Ltd, Mineral Sands Resources (Pty) Ltd, Tormin Mineral Sands (Pty) Ltd and Transworld Energy and Mineral Resources (SA) (Pty) Ltd.
3. On its official website, MRC states that for the past ten years its focus has been on South African investments and that it is “currently involved in the exploration and development of two major mineral sands projects in South Africa” – which are then listed as “Tormin mineral sands” and “Xolobeni mineral sands”.¹
4. As you are no doubt aware, there has been significant social unrest, violence and concern over the environment expressed in relation to both of these projects, which has been reported on extensively in the media.² Most recently, the brutal assassination of Sikhosphi Bazooka Rhadebe, an anti-mining activist opposing the proposed mining at Xolobeni and chairperson of the Amadiba Crisis Committee, on 22 March 2016, has sent shock waves

¹ <http://www.mineralcommodities.com/>.

² <http://www.timeslive.co.za/sundaytimes/stnews/2015/11/29/Aussie-company-threatens-biblical-smiting-in-ongoing-Cape-row>; <http://www.groundup.org.za/article/west-coast-mine-boss-must-go-say-staff-3479/>; <http://mg.co.za/article/2015-05-07-villagers-call-for-chiefs-head-over-plan-to-mine-their-land>.

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across the local and international community.³ For more than a decade, the Umgungundlovu people, who reside in the Xolobeni area, have been affected by violence and deaths connected to the proposed mining.

5. In the attached list of projects funded under the Direct Aid Program from Australian missions in Africa over the period 2003/4 to 2013/14, an entry of \$ 15,431.00 to the recipient “MRC Resources” for the “upgrade of existing fresh water borehole” appears.
6. From the website of the Australian Government’s Department of Foreign Affairs and Trade, we understand the purpose of the Direct Aid Program to be “to work with local communities in developing countries on projects that reduce poverty and achieve sustainable development consistent with Australia’s national interest”, and that it is intended to play “an important role in supporting local community efforts towards poverty reduction”.⁴ The Direct Aid Program is clearly not intended to fund profit-making companies, and certainly not Australian companies. The line entry for “MRC Resources” appears out of place when viewed alongside the names of the other recipients, which include charitable organisations such as the “Kid’s Haven”, “Lekukela Day Care Centre”, “People Against Abuse”, and the “Prosperity Youth Centre”.
7. As Australian High Commissioner to South Africa, we call on you to provide clarity on the following in relation to the Australian government’s funding of MRC Resources:
 - 7.1. Confirmation that the recipient listed in the attached document as “MRC Resources” is in fact Mineral Commodities Limited, the Australian listed mineral sands company commonly referred to as MRC, or a subsidiary or associated entity? Alternatively, clarity on the identity of this recipient is sought?
 - 7.2. Clarity on the location of this borehole, and clarity as to why the refurbishment of this borehole was deemed an appropriate project to receive funding through the Direct Aid Program?
 - 7.3. Clarity as to whether funding through the Direct Aid Program is preceded by an application process? If so, we request a copy of the application for funding submitted by MRC, and a copy of any record of decision in relation to that application.
 - 7.4. Clarity as to whether any administrators of the Direct Aid Program monitored the implementation of this project to ensure that the Direct Aid Program funding was utilised as proposed? If so, we request copies of any monitoring reports.
8. We look forward to hearing from you.

Yours faithfully

CENTRE FOR ENVIRONMENTAL RIGHTS

per:



Melissa Fourie

Executive Director

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³ <http://www.thedailyvox.co.za/xolobeni-mining/>; <http://www.abc.net.au/news/2016-03-24/campaigner-against-australian-mine-in-south-africa-shot-dead/7274636>.

⁴ <http://dfat.gov.au/aid/topics/development-issues/direct-aid-program/Pages/direct-aid-program.aspx>.