

18th July 2024

Mr Jason Schell
Chief Operating Officer, Rex Minerals Ltd
PO Box 3435
Rundle Mall
Adelaide SA 5000

Phil Tyler
Chair
Hillside Mine Community
Consultative Committee
pptyler@bigpond.com

Dear Jason

RE: 2024 REPORT ON HILLSIDE MINE COMMUNITY CONSULTATIVE COMMITTEE (HMCCC)

The HMCCC's Terms Of Reference requires me to *"...report on behalf of HMCCC within one month of each financial year in writing to Rex Minerals' Chief Operating Officer, South Australia and this report will be made available to the community via the HMCCC webpage and the State Government by the end of August each year."* (Section 16; page 9).

2023-24 FINANCIAL YEAR ACTIVITY

Overview

Key issues considered during the year were housing, childcare and water. HMCCC also participated in the Rex Minerals open night, made recommendations on Rex's Social Management Plan (SMP) concerning local business payment terms, launched the HMCCC website and made some minor amendments to HMCCC's Terms Of Reference. Further details on these topics follow:

Amendment to Terms of Reference (ToR)

The HMCCC made a small amendment to the ToR to make clear that communication between the State Government, Rex Minerals and the HMCCC is through the Chair

Launch of Website

During May the HMCCC launched its website (hmccc.com.au). HMCCC is appreciative of the support it received from Jo Barrie, Mark Butterworth, Karen Baker and Jane Blair in getting this website live.

Local Business Payment Terms

HMCCC welcomes Rex Minerals' commitment to ensure that the Social Management Plan makes clear that local business payment terms will be 30 days.

Rex Minerals Open Night

HMCCC appreciated being invited to participate in the Rex Minerals information night and note that it was well presented and organised and very well attended. We received positive feedback but note some people were confused about the format as most were expecting some form of presentation. However, the format of information tables and key staff on hand to answer questions worked well in our view. Regarding future public meetings, HMCCC believes that information nights are extremely important, but only if there is new information to present to the public.

Housing

HMCCC is extremely concerned about the under-supply of housing and accommodation on Yorke Peninsula and believes this is a major problem for Rex Minerals and the local community in growing the local economy as the Hillside Mine becomes operational. The key problem for regional communities to attract property investors is the risk. The main risk for property investors in regional areas comes in the form of vacancies. This is critical to a property investor as they need steady cashflow to service their mortgages and pay for other expenses.

This is not just a perceived risk for property investors – banks and lending institutions also see it as a significant risk. Most banks will require a minimum of 20% deposit to buy an investment property in a regional area, but only 10% deposit if buying the same type of property in a metropolitan area.

Our Proposal

One option to overcome this risk for property investors and lenders is to offer guaranteed income. This is not a new idea as this occurs in Defence Housing and National Housing schemes. These groups offer long term head leases and then sublet to tenants.

Our proposal is to also guarantee the rental income for property investors but not through head leases – it would be via an underwriting agreement with state government. Rental guarantees offered by private companies are not seen as secure by property investors or lenders, versus those offered by government.

In discussing this with the Office for Regional Housing, they are interested in working with us to develop a pilot program in Ardrossan to have private investors build 10 new homes.

How it would work

The state government would underwrite the rental income to newly contracted dwellings in Ardrossan, which would allow all stakeholders to determine the viability of this scheme and if it works well, it could be expanded through Yorke Peninsula and other regions.

The underwriting of this proposed pilot project has been suggested to minimise risk and encourage the build of these new homes by private investors. The risk to state government can be measured in hundreds of dollars per annum if properties are vacant for a few weeks.

However, the benefits to regional areas can be measured in tens of thousands of dollars through the collection of statutory charges and taxes by government and the extra economic activity generated in regional areas through population growth.

HMCCC has already held discussions with the Yorke Peninsula Council and is aware that they are keen to advance some initiatives on housing over the next 12 months. It is also aware that the SA Housing Minister has approved a developer-led land rezoning that will lead to approximately 230 new homes to be built on farmland on the outskirts of Kadina and there has also been some rezoning at Port Victoria.

HMCCC is keen to discuss its proposal further with Rex Minerals.

Childcare

Childcare issues have been identified as both a major impediment to economic growth and social welfare of the region, particularly Ardrossan. HMCCC welcomes the work of Yorke Peninsula Council (YPC) in the southern Yorke Peninsula following research into the need for childcare. This has resulted in childcare facilities in Maitland and Minlaton which when fully staffed by qualified employees will have maximum capacity of 40 children at Maitland and 80 children at Minlaton. HMCCC congratulates the YPC on this very important initiative and believes a similar project needs to be undertaken for Ardrossan.

HMCCC notes the establishment of the Ardrossan Childcare Committee (ACC) and their work on this issue over the past 2 years which found overwhelming demand for a childcare facility. HMCCC acknowledges childcare is needed now in the Ardrossan community and would be a major issue for Rex Minerals as they start to recruit staff when the mine becomes operational. We note the YPC and the ACC are in discussions how they can work through the next steps for an Ardrossan childcare facility.

HMCCC is keen to assist and has asked the ACC and YPC to keep us informed as we are keen to support any application for funding

Water

Prior to and during the development of the Rex Minerals Program for environment protection and rehabilitation (PEPR) water was a key issue at the public meetings, and one of the benefits from the mine's development was often stated as the increase in water supply, particularly to Ardrossan and surrounding communities through the Port Wakefield to Pine Point water supply upgrade. According to the State Parliament's Public Works Committee final report on the upgrade (Dec 2013, page 5) *"The expected benefits of the project are to facilitate the minerals production and processing and hence the sustainability of the region's towns by providing a reliable water supply, increase revenue by SA Water available to support the State through additional sales of water to Rex Minerals. It can also support the growth of the regional economy via;*

- *job creation during the construction and operation of Rex Minerals' Hillside mining related infrastructure and construction of new houses;*

- *expected cash flow through the region from their mining activities; and*
- *providing opportunity for new development in towns along the pipeline due to increased water available.”*

HMCCC understands that this is now not the case, and that other arrangements are being investigated (such as desalination of ground water) by Rex Minerals due to SA Water downgrading the capacity of the Auburn to Port Wakefield pipeline and the cost prohibitive expenditure required to rectify this and deliver water to the mine site. Whilst this is an understandable response by the company, HMCCC has questioned if the State Government understands that the project will not deliver any increase in water to the region. This lack of an increase in water to the region will be a major disappointment to many and will also be a significant infrastructure impediment to housing and other economic development opportunities that will need to be addressed.

Conclusion

Members look forward to working with Rex Minerals over the next 12 months to enable us to provide the company with a community perspective on the Hillside project. We particularly wish to thank Jo Barrie, Mark Butterworth, Jane Blair, Karen Baker and locally Kylie Thompson and Ryan Bennett for their support during the year. On a personal note, I have appreciated strong support from my colleagues on the HMCCC. HMCCC has a great blend of skills and experience that makes a dynamic team.

Yours sincerely

signed

PHIL TYLER

Chair, Hillside Mine Community Consultative Committee