

Report by Ruth Forrest MLC following visit to Nueva Aldea Mill in Chile, South America

General Information

There are 1200 pulp mills around the world.

Nueva Aldea Mill has two fibre lines – one each for eucalypt and pine with one recovery boiler. It has two power boilers, but only one working at the time.

7000 employees during construction which covers an area of 70 ha and includes a pulp mill, sawmill and plywood mill.

The Company stated that the mill and associated operations provide 10,000 jobs within the area when considering all operations including forestry. However, locals in two surrounding villages claim that there are very few locals are currently employed at the mill.

During construction phase, a number of locals were employed but in the operational phase workers are generally brought in from major towns of Concepcion and Chillan. The claim was also made that in the forestry operations, generally locals were not employed, rather workers were employed by contractors who had 'work crews' that travelled to the region from other parts of Chile and South America. These work crews often lived on site in campers vans and then left when work was completed.

It was therefore suggested that the only economic benefit to the small villages during this time is in providing food and occasional accommodation to workers. The majority of surrounding villages are very poor and continue to be so, with claims that the most disadvantaged community in Chile is within this region.

The Pulp Mill commenced production in 2005, following a 9-11 months commissioning phase.

The legislation covering the project was stated to be more restrictive than in the past, however Local Government representatives in a neighbouring village, only approximately 12km away stated that this regulation is still very permissive and suggested that if one is built in Tasmania that much stricter regulation is required.

It was stated by locals and other professionals in the surrounding community that the company funds all monitoring of air and water emissions and that any independent monitoring or assessment cannot be conducted in Chile, due to the absence of appropriate facilities and has to be conducted in Europe usually in Spain or Belgium.

Considering odour management and collection of odourous gases, all such gases are burnt in recovery boiler with a back-up flare. The Company claims that there were 3-4 occasions of odour detected beyond the mill during the start-up which usually only lasted less than 1 hour. There was one reported half day event.

This claim was disputed in the neighbouring communities, where claims were made of frequent odour events, when the wind was blowing in the direction of their village. The Company informed the delegation of the interaction with the local communities and liaison with the surrounding communities. There is a phone number that locals can call to report concerns, however it was stated by local community members that many people in the villages are unaware of this and therefore do not report concerns directly to the Company.

Legislative Requirements

Environmental Resolution Qualification RCA 76-2005 and RCA 51-2006 are two requirements that the company informed the delegation must be met. This is not an exhaustive list.

The company are required to provide primary, secondary and tertiary effluent treatment.

Legislation requires an auditor to be appointed to audit emissions from the Mill. The auditor is selected by the Government from three auditors that are proposed by the Company. The results of any audit are provided directly to the Government and there were two International audits during the commissioning.

Locals claim there is a lack of transparency and independence in the appointment of an auditor as described and this has resulted in a general lack of trust in this process.

Local concerns

In June this year, long term residents and mill neighbours who live a short distance downstream from the effluent discharge reported a brownish foam on the river - an incident that had not occurred in their memory prior to the mill being built. The event was reported to the local council and to the Company. This event occurred on a Friday and the site was not visited by the regulatory authorities until the following Monday, by which time the foam had disappeared. The closest location of Environmental Management staff is in Chillan or Concepcion. The Company conducted some testing on the Tuesday. No results were available to date.

Impacts as reported by neighbouring community members

Tourism

The Company provide tour buses that collect tourists and visitors to the region, from other locations where tourism is more established and provide a free visit to the Pulp Mill. These visits do not include any time spent in visiting the local villages or wine

growers and therefore the locals state that whilst this may bring tourists to the region, there is no benefit to their business or village.

The coastal area surrounding Cobquecura, has a strong tourism industry with a very popular surf beach. Tourism is expanding in the region with new accommodation being constructed at the moment. The Mayor and Local Government of this region have refused to accept any financial assistance from the Company, the only Local Government Sector to do so, as there is strong opposition to the effluent pipe that is currently being constructed to discharge effluent into the sea near the mouth of the Itata River. This approximately 50km pipeline is nearing completion, and runs along the Itata River, under the mouth of the river and approximately 2.5km out to sea.

With the currents running from South to North, and the coastal currents in this area flowing to this part of the coast, there is significant concern that effluent from this effluent pipe will flow to this region and potentially contaminate these beaches. A community group has been formed to voice these concerns and to actively oppose the use of this pipeline, particularly as this is an area subject to earthquakes that may disrupt the pipeline, resulting in effluent spilling into the Itata River.

Furthermore the area has been subject to tsunamis in the past and this could also result in leakage from the pipe which is constructed of PVC. A further concern is that last winter torrential rains resulted in the river mouth being significantly disrupted and washed away to the extent that has a pipeline been in place at that time, it may have been damaged at this time.

Local tourism operators claim that they employ more locals than the Pulp Mill does, with one small accommodation and restaurant operator employing 10 locals. The operator claimed this is because they train and employ unskilled workers.

Economy

The local villages have received some financial assistance from the Company, mostly in funding to seal roads in the towns, however, as stated, in the operation of the Mill, very few locals are employed and there is therefore very little long term economic gain for the surrounding villages.

Wine Growers

It was claimed by local winegrowers that approximately 6000 locals are employed in this industry. The wine industry was established in the 1500's following the arrival of the Jesuits in 1569, who established wine growing in the region.

There are many small vineyards in the immediate vicinity of the Pulp Mill, with the mill itself also owning a vineyard adjacent to the site. The majority of vineyards in the immediate vicinity sell to the local market rather than the export market and rely heavily on the tourism in surrounding areas and cellar door sales as these vineyards are on the highway between Santiago and Concepcion. Local winemakers I spoke to, one of whom was working in his vineyard as we drove past, stated that their 'drive by'

sales at the cellar door had reduced dramatically since the Pulp Mill had been operational, especially when the wind blew the steam and other emissions across the highway and in their direction.

Odour was also a problem reported by these vineyard owners when the wind was blowing in their direction. They stated it was not a problem at all when the wind blew away from their vineyards.

One winemaker had commenced expansion of his cellar door operations prior to the start-up of the Pulp Mill with the plan to have a cafe and expanded wine tasting and local produce sales including olives, blueberries and other foods, however due to such a drop in passing trade, this has not eventuated.

The closest vineyard that has a major export business is approximately 10km away. I did not speak directly to this vineyard owner, however I was informed that one of these vineyards had a sale of 80,000 bottles rejected by Sweden as they are an organic vineyard and it was claimed that the buyer had requested a 'certificate' from the Pulp Mill management to confirm that emissions from the Mill will not result in any adverse impact on this organic status. This certificate has not been provided, in spite of requests made by the wine grower. This is yet to be confirmed or denied by the Mill Management.

Health

Discussions with a local health professionals in a neighbouring town, 12km from the Pulp Mill, also members of Local Government, revealed that since the commissioning and start-up of the Pulp Mill there had been many episodes of gastro-intestinal upsets, particularly nausea and vomiting, predominantly in children, when odours from the mill were evident. A number of children were also treated for headaches at these times, which were more frequent during the commissioning phase, but have continued less frequently since October last year. They stated that the odour problems had been less frequent since October, but that there had been an episode a few weeks ago which was particularly unpleasant.

It was also stated that it was too early to determine whether there had been any impact on chronic disease such as asthma and cardio-vascular disease as it was too soon to assess an impact particularly with disease such as asthma that is a seasonal illness and will require a longer timeframe to assess any increase in seasonal variations of these illnesses.

It was suggested that there is less frequency of incidences of nausea and vomiting at distances further from the Pulp Mill. However at one time, a mass had to be cancelled due to the offensive odours and a school had to be closed for the day on one occasion due to the odour and nausea experienced by a significant number of children at the school.

The council had asked for a report from the health clinic of reports of any illness that may be related, but this had not been provided as yet. It was claimed that only children requiring medical treatment for nausea were recorded. One parent informed

me that his three year old daughter has had many episodes of nausea and vomiting and headaches, all of which were being treated with Aspirin, and therefore not recorded as related to the odour episodes associated with the Pulp Mill that coincided with the gastro-intestinal symptoms and headaches.

Fishing Industry

In this region there is no fishing industry in the rivers but a lucrative ocean fishing industry sees fisherman as one of the more affluent groups in the region, which is a very poor region. The fisherman have a well organised Fishers Association that has been quite active over many years. Recently the Company provided the equivalent of approximately \$US500,000 to the Association for a social program for the fishing regions on the Coast. However, no benefit has been seen by the local industry as it appears that the President of the Association has kept the entire amount for personal gain. Fisherman had organised and attended a protest rally earlier in the day in one of the small villages near the coast.

Whilst the Company has provided support to the fishing industry, the fishing community hasn't actually seen any benefit at this stage.

Perceived Lack of Transparency and Resultant Lack of Trust in Company

Local Government accept the Pulp Mill as a part of the region, and acknowledge some financial benefit that comes from financial assistance such as funds to seal some roads in the villages that the Mill provides. However, these bodies are eager to see more thorough and independent assessment of Mill emissions and stricter regulation of the Mill.

The comment was made that independent analysis is very costly and comparisons are difficult due to a lack of baseline data. Local Council want strict, open and transparent independent monitoring, which they state is not occurring. This has resulted in a lack of trust in the company especially as it was stated that the Company provide significant funding to the Universities in Chillan and Concepcion and undertake all monitoring themselves. The Auditors are selected by Government from a list of those nominated by the Company. These issues have resulted in the local people finding it difficult to believe or trust claims and reports from the Company, even though they may be accurate.

The strong recommendation made by these people was that if a Pulp Mill is built in Tasmania, it must have very strict regulation, with open and transparent, independent reporting and monitoring.

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August 2007

