



The Hon Peter Garrett AM MP

Minister for the Environment, Heritage and the Arts

Mr John Gay
Executive Chairman
Gunns Limited
PO Box 572
LAUNCESTON TAS 7250

Dear Mr Gay

I refer to EPBC Act approval 2007/3385 to construct and operate a bleached Kraft pulp mill at Bell Bay, Tasmania, and associated infrastructure, and to the draft modules of the Environment Impact Management Plan (EIMP) prepared by Gunns under that approval.

I have approved modules C1, D, F, G, H, I, J, K and O of the EIMP and have varied the maps at Schedule 1 of the original approval as you have requested.

However I have not approved modules L, M and N in their current form. The IEG has advised me that there is a degree of uncertainty about the outcomes of the hydrodynamic modelling described in module L. Given this and the implications of that uncertainty for modules M and N, I am not satisfied that modules L, M and N in their current state provide the level of protection necessary for the relevant matters of national environmental significance as required by the *Environment Protection and Biodiversity Conservation Act 1999*. I have concluded that the hydrodynamic modelling required under condition 38 of the approval conditions must be completed and the results incorporated into the EIMP before I can approve it as a complete EIMP. I have reached this view on the basis of legal advice.

Although I have not approved these modules, I can indicate that, having regard to the advice of the Independent Expert Group, I am satisfied with the scope of hydrodynamic modelling set out in module L and the other content of modules L, M and N, so far as this material does not relate to or rely on the results of the hydrodynamic modelling. When modules L, M and N are resubmitted after the hydrodynamic modelling is completed, I will not require further advice on material in the modules that is not related to or affected by the outcomes of that modelling.

In addition, I have approved the proposed variation of the approval conditions as recommended by the IEG and outlined in your letter of 16 December 2008. However, I note that this variation will only operate if the relevant modules to which it relates are ultimately approved by me.

Gunns must undertake the hydrodynamic modelling and incorporate the findings into the relevant parts of the EIMP. For the purposes of condition 7 of the approval, the indicative time frame is 26 months in the draft of module L, the EIMP must therefore be completed and approved by 3 March 2011.

I understand that my department will be writing to you shortly with formal approval of the scope of works for the hydrodynamic modelling, as provided for in condition 38 of the approval, so that you should be in a position to commence this work in the near future.

Yours sincerely

A handwritten signature in blue ink, consisting of several vertical strokes followed by a large, sweeping loop that extends upwards and to the right, and a smaller loop below it.

Peter Garrett