

MEDIA RELEASE

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ATTENTION: Chiefs of Staff, News Directors



UTAS academic predicts: Lake Pedder could happen again

A decision like the flooding of Lake Pedder could happen again because corporate governance has progressed so little in its ability to account for the environment, according to UTAS academic Dr Sue Hrasky, Head of the School of Accounting and Corporate Governance, who will address an international accounting conference **in Launceston today**.

Dr Hrasky will tell around 110 delegates at the three-day Australasian Conference on Social and Environmental Accounting Research being held at the Tramsheds at Inveresk that had the accounting calculations of the Tasmanian Government and the Hydro been more robust in 1972, Lake Pedder would never have been flooded.

And she and Professor Michael Jones from the University of Bristol recommend that if an environmental asset deemed to be priceless is designated a heritage site or national park, as Lake Pedder was, it should be inviolable.

“Until we achieve a robust and workable method of incorporating environmental values into our strategic and operational decisions we are likely to repeat the bad decisions of the past,” said Dr Hrasky.

Using reports into the Lake Pedder decision, including evidence given to that of the 1973 Lake Pedder Parliamentary Committee of Inquiry and former UTAS Associate Professor Bruce Davis’ paper in the Australian Journal of Public Administration, Dr Hrasky focussed on the biased public information given by the then Hydro.

“Accounting appears to have been used to support a pro-building Lake Pedder discourse,” she said.

“There was suspicion by commentators at the time that accounting was used in a partisan and selective way.

“First, there was no general disclosure of the detailed costs and benefits, so there could be no open and transparent about the actual operational incomes and expenses, cash flows or capital expenditure.

“Second, there was no disclosure or informed discussion about alternatives to flooding Lake Pedder, so politically the decision was presented as whether to build the dam or not.

“Third, there appears to have been a selective use of an interest rate with the aim of emphasising the financial benefits of building Lake Pedder.”

Dr Hrasky concludes that the Lake Pedder decision illustrated the limitations of accounting and economic decision-making.

“Where environmental issues are concerned accounting fails to take into account a whole range of intangible environmental attributes,” she said.

“Therefore the unique and irreplaceable nature of the Lake Pedder environment remained unpriced.”

The value of the Lake Pedder discussion, Dr Hrasky believes is the challenging of the “veneer of precision” of the role of accounting in environmental decision-making.

- Dr Hrasky will present *The Lake Pedder Decision: Accounting for nature and creative accounting* by herself and Professor Jones **3.30-5pm** at the Tramsheds.
- For more information on the conference programme see www.utas.edu.au/csear

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