

Retailers back booster requirement for shoppers

RETAILERS expressed support for a proposal to require store visitors to present proof of having received a booster shot as a condition of entry, saying that such a measure will increase confidence in the public.

Steven T. Cua, Philippine Amalgamated Supermarkets Association (Pagasa) said in a mobile phone message that the proposed booster card requirement will ensure that consumers are aware of the need to take all measures needed to contain the coronavirus disease 2019 (COVID-19) pandemic.

“Pagasa agrees to this scheme to check on vaccination cards. It will, to certain extent, remind the people to sustain the attitude needed to deal with the

pandemic, tone down crowded events, and help maintain a safer environment,” Mr. Cua said.

Mr. Cua said the proposal is best implemented in areas with high vaccination rates.

“It is wise to consider administering this only in areas where a high volume of shots have been provided by government to make this policy practicable and not anti-poor,” Mr. Cua said.

In a mobile phone message, Philippine Retailers Association (PRA) President Rosemarie B. Ong said such a measure will help boost confidence among consumers.

“(The proposal) will give more confidence as mobility increases,” Ms. Ong said.

Mr. Cua said there may be some downsides to the proposed

booster card requirement if the COVID-19 pandemic lingers on.

“Guards or checkers (may not pay attention to) the ‘validity’ of booster cards if the pandemic situation carries on for some time and another series of booster shots is due. Guards monitoring these cards must (also) be well-oriented,” Mr. Cua said.

Recently, Presidential Adviser for Entrepreneurship Jose Ma. A. Concepcion III said that booster cards should be required for entry in establishments within high-vaccination zones such as the National Capital Region (NCR).

Mr. Concepcion said booster shots are needed to maintain protection against COVID-19 since the original doses’ efficacy de-

clines within four to six months after the last dose.

“The reality is that the vaccine’s efficacy will wane and we don’t want to risk seeing more cases that could easily have been prevented by encouraging people to get boosted,” Mr. Concepcion said.

“The booster card requirement makes sense in the NCR because they received their primary doses ahead of the rest of the Philippines. However, they are also at higher risk from waning immunity and must be encouraged to get their booster shots right away,” he added.

Currently, only vaccination cards are required for entry into public spaces. — **Revin Mikhael D. Ochoa**

Manila Bay rehab seen inadequate; bay unswimmable, fishery unhealthy

THE Department of Environment and Natural Resources (DENR)-led effort to rehabilitate Manila Bay has been hindered by the department’s inadequate enforcement of environmental law, an ocean conservation group said.

“The current efforts to rehabilitate Manila Bay are inadequate as we have yet to see a natural transformation of the bay into a safe, swimmable and healthy fisheries ecosystem,” Oceana Philippines Vice-President Gloria E. Ramos said in an e-mail interview.

“While agencies like the Department of the Interior and Local Government (DILG) have rolled out mechanisms to ensure compliance with fisheries law by local government units surrounding the bay through the Fisheries Compliance Audit, and the Bureau

of Fisheries and Aquatic Resources (BFAR) has continued to abide by its mandate to protect fisheries and aquatic resources,” Ms. Ramos said. — **Luisa Maria Jacinta C. Jocsos**

FULL STORY



Read the full story by scanning the QR code
bit.ly/ManilaBay020722

OPINION

How can accounting relate to climate change?

There has been an increased public focus on the harmful effects of climate change, with practices and reforms continuously being developed and implemented globally to reduce its negative impact. Because of this, some industry players are taking steps to address climate change, such as utility companies focusing on renewable energy investment, financial institutions expanding their portfolios to include green bonds, and private entities investing in technologies to conserve resources.

Regulators have also been taking steps to address climate change. For instance, the Philippine Securities and Exchange Commission (SEC) issued Sustainability Reporting Guidelines for Publicly Listed Companies (PLCs) in 2019 to help PLCs better assess and manage their non-financial performance across the economic, environmental, social and governance (ESG) aspects of their organizations. Similarly, the International Financial Reporting Standards (IFRS) Foundation also established the International Sustainability Standards Board (ISSB) to develop sustainability reporting standards that will provide a high-quality, comprehensive baseline of ESG information.

It is to be expected that in the years to come, climate change will have an even more significant impact on the way entities do business. Because of the potential impact of climate change and the continuing drive to manage it, various entities are facing the challenge of adopting these new practices and reforms in anticipation of how they will eventually impact their financial statements.

CONSIDERING CLIMATE CHANGE IN FINANCIAL STATEMENTS

Currently, there is no specific accounting standard or guidance in the Philippines that deals directly with climate change matters. However, entities are still expected by regulators and stakeholders to explain how climate change is considered in their financial statements in a way where its impact is material or significant from a qualitative perspective. They need to disclose how climate change may impact the significant assumptions, judgments and estimates used in preparing their financial statements. Entities also need to ensure that the information from the financial statements agrees with the information provided to the stakeholders and general public through publications and press releases.

Given these, we cite some accounting standards that entities may revisit in preparing their financial statement in consideration of the impact of climate change.

GOING CONCERN

The Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements, provides that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity, to cease trading or has no realistic alternative but to do so. When management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, the entity is required to disclose those uncertainties.

Risks coming from climate change may be a source of material uncertainty to some entities due to its potential impact on their future business activities, such as bank financing restrictions. Accordingly, entities need to revisit the impact of climate change on their financial statements particularly on their judgment to continue as a going concern and related disclosures pertaining to material uncertainties.

Furthermore, entities will need to consider how natural resources issues that are necessary for their operations, such as waste management, water, and energy, will affect their ability to continue as a going concern.

INVENTORY

According to PAS 2, Inventories, inventory shall be measured at the lower of cost and net realizable value. Given the developments brought by climate change, entities need to assess whether inventory has become less profitable or obsolete as the cost may not be recoverable if the inventory is damaged by climate disturbances, if it has become wholly or partially obsolete, or if selling prices have declined.

PROPERTY, PLANT AND EQUIPMENT

PAS 16, Property, Plant and Equipment discusses how entities should measure, recognize and disclose infor-

mation on property plant and equipment. Changes in the economic and legal environment coming from the societal pressures and legislation may affect how entities measure, recognize and disclose information on property plant and equipment. This is due to the potential impacts on the useful life, residual value, designs, technology and decommissioning of property, plant and equipment.

Given the uncertainty, entities need to consider how the measurement and recognition principles in accounting for the entities’ transactions, events and conditions will be impacted by these changes and how disclosures can be enhanced to allow the users of financial statements to better understand the judgments made by entities on their property, plant and equipment.

IMPAIRMENT OF ASSETS

PAS 36, Impairment of Assets requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity is required to estimate the recoverable amount of the asset. Action from governments and public awareness on climate change may drive impairment indicators.

For example, a government may require entities to focus on new products and technologies that will conserve resources, potentially resulting in a significant decline in the value of the entity’s existing assets. If the public has already been consciously investing in entities with climate change initiatives, investors may withdraw their support from entities who are not concerned with such initiatives. It can also result in adverse changes to the technological environment of an entity, which may result in the obsolescence of its assets. These may also affect forward-looking information, such as cash flow projections in estimating the recoverable amount of an entity’s assets.

Due to this, entities may need to consider how the impairment indicators will affect the measurement of their assets, including relevant disclosures on assumptions, judgments and estimates.

PROVISIONS

PAS 37, Provisions, Contingent Liabilities and Contingent Assets requires that provisions need to be recognized when: (1) an entity has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the obligation.

New legal requirements and laws, decommissioning and asset retirement obligations and legal claims in response to climate change may give rise to new obligations that may lead to a potential significant impact on the recognition and measurement of provisions. Due to the significant uncertainty, entities need to consider the adequacy of the disclosures in how they incorporate climate change risks in recognizing and measuring their provisions.

ASSESSING THE IMPACT OF CLIMATE CHANGE

The items cited in the foregoing are based on general accounting considerations and are not inclusive of everything that entities should consider. Since each entity’s business, operations and situation are unique, each entity will need to apply significant judgment and analysis of relevant facts and circumstances to reasonably assess the impact of climate change.

As the global conversation between and among businesses, consumers and regulators grows increasingly dynamic, entities will need to proactively consider how the risks from climate change may affect not only their operations but also their financial statements. More importantly, they will also need to consider potential solutions to the climate change disruptions that are happening now and those that are emerging — before it’s too late.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

ANNA MARIA RUBI B. DIAZ is a senior director from the Financial Accounting Advisory Services (FAAS) service line of SGV & Co.



Philex’s Pangilinan calls for separate regulation of mining, environment

PHILEX Mining Corp. Chairman Manuel V. Pangilinan said the regulation of the mining industry must be separate from environmental protection, functions currently carried out by bureaus of the Department of Environment and Natural Resources.

“In that regard, structures must be amended because under the department are two important agencies, the Environmental Management Bureau (EMB) and the Mines and Geosciences Bureau (MGB). You’ve got two agencies whose functions are self-contradictory: having to safeguard the environment but also promote mining,” Mr. Pangilinan said in a television interview.

“In the United States, the environmental protection agency is separate from the mining regulators so there’s still check and balance,” he added.

Mr. Pangilinan called for “better regulation of mining companies, including small miners,” following a nickel mine spill that discolored and silted rivers in Davao Oriental.

“We have to ensure the regulators are well-funded and better-educated. If the mining industry has to support that and fund the regulators, then so be it. We should support it. The more informed the regulators are, the more safeguards are adopted. That should be welcomed by the industry,” he said.

With the upcoming change in administration, Mr. Pangilinan said that he is hopeful but still cautious about the outlook of the industry.

“From what I could gather, most of the (candidates) are showing a liberal view of mining. So that’s good news, and if that follows through in terms of actual policy and the view of the new government on mining, then that

would be great development for the industry,” he said.

“Whether that will eventuate on June 30 onwards, I don’t know. Something always happens,” he added, referring to the new government’s takeover date.

On Dec. 23, the government lifted the four-year ban on open-pit mining, repealing the order issued by the late Environment Secretary Regina L. Lopez, an anti-mining advocate.

“I’m not really sure if the ban will stay lifted, because ahead of us is a new government, and will the new government maintain this policy? We don’t know,” Mr. Pangilinan said.

Philex is currently developing its Silangan copper-gold project in Surigao del Norte but said it will be opting for the sub-level caving method over open-pit mining.

“We will lose a lot of time if we revert to open-pit method. We don’t want the headache of uncertainty ahead of us,” he said.

Mr. Pangilinan said that moving forward, the mining industry must prove its sustainability and benefit to society and the economy.

“To a degree, mining has been at fault as there have been unfortunate events, like the Marcopper incident in 1996, that’s one of the big pollution events to happen in history. There are also probably instances of pollutants being thrown to rivers and oceans,” he said.

“It’s so easy to demonize mining and the business itself has to demonstrate that it can be prosecuted safely. Outside the Philippines, there are much bigger mines that operate and by and large, they’ve done reasonably well in terms of protecting the environment. We must also have the proper practices in order to do the same,” he added. — **Luisa Maria Jacinta C. Jocsos**



Meralco Improves Saog-Veinte Reales-Malinta 115kV Line

Seen in the photos are Meralco Networks crews upgrading the Saog-Veinte Reales-Malinta 115 kV sub-transmission line that serves the areas of Bulacan, Valenzuela, and Malabon. This project will increase the capacity from 171 MVA to 343 MVA, addressing deficiencies in Sector 1 of Meralco’s Sub-Transmission system. This project will also improve operational flexibility during contingencies, preventing widespread power outages in its area of service. Despite the continued implementation of community quarantine measures or the new alert level system throughout the country due to the COVID-19 pandemic, Meralco and its subsidiaries are continuously working hard to improve its distribution system in order to provide safe, adequate, and reliable electric service to its customers.