
There will be links to a large number of web sites, various reports and publications, details of Group meetings, a members only area, members' interests, a discussion group and so on.

Other work is proceeding to involve the Institute with sustainability issues and ultimately to involve the membership at large. One example is development of a remit to present to the Institute's 15th November 2001 AGM for establishment of a National Committee.

The Group is aiming to have material published in every edition of the "Chartered Accountants Journal". Material is also being published directly by members in other publications and media. They are also presenting to Special Interest Groups, conferences, seminars and workshops.

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Environmental Management Accounting Education in the Philippines – the Accountancy Profession as a Medium for Change

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Accounting is the language of business. Business decision makers rely on information provided by accounting to communicate and make sound decisions. Can accounting, the discipline that provides the language of earnings and capital, also give the environment a much needed voice in business decision-making?

Introduction

Degradation of the global environment and the problems that accompany it have been widely documented. Many of these problems, such as pollution, deforestation, land degradation, and resource depletion are particularly acute in developing countries including the Philippines, which is also struggling to solve poverty and other social inequities. The race for economic development has also brought about tremendous pressure for increased exploitation of the country’s natural resources.

As disastrous floods, diseases and other fallout from environmental abuses and neglect are experienced by the nation, like the Ormoc Flood Disaster of 1991 and the Marcopper Mining Accident of 1996, environmental protection has slowly but surely become one of the leading causes of many Filipinos. During the past decade, environmental issues have caught the attention of policy makers, community
leaders, academics, media practitioners, business and environmentalists.

Hidden Environmental Costs

Uncovering and recognizing environmental costs associated with industrial processes is one of the challenges facing businesses today. Among the growing list of internal environmental costs that companies pay for include costs incurred in connection with pollution reduction, waste management, monitoring, regulatory reporting, legal fees and insurance. In the midst of increasing environmental regulations affecting companies, the achievement of core business goals such as controlling costs and increasing revenues can hinge on the ability of companies to pay attention to current, future, and potential environmental costs. Business executives are beginning to realize that environmental cost data has become important for good management decisions.

Unfortunately, conventional cost accounting systems can conceal environmental costs because they attribute many of these costs to general overhead accounts. This practice hides environmental costs from product and production managers who are often unaware of the extent of environmental costs and their impacts on operations and profitability.

Environmental Management Accounting

Environmental Management Accounting (EMA) overcomes the limitations of conventional cost accounting in providing useful cost data for decision-making purposes. EMA can be defined as the process of identifying, collecting, estimating and analyzing environmental cost information to serve internal decision-making and reporting purposes. It also includes the collection and analysis of data on physical data flows related to inputs to a business’s activities (e.g. materials and energy).

By applying existing management accounting tools to the identification and estimation of environmental costs, EMA provides an excellent base for informing decisions made by managers in the following areas: cleaner production and pollution prevention, environmental management systems, green supply chain systems, corporate planning and assessment, and performance evaluation and benchmarking.

Promoting EMA in the Philippines Through Accounting Education

EMA promotion in the Philippines is led by the country’s organization of accountants, the Philippine Institute of Certified Public Accountants (PICPA). Through PICPA’s EMA initiatives, the accounting profession in the Philippines has become a frontrunner in its desire to address the issue of how it can contribute towards development of a sustainable environment.

To meet the increasing challenge for accountants to provide business with environmental cost information, in 1999 PICPA introduced various activities in understanding, publicizing, and educating its members in the basic concepts of environmental accounting, and other modern environment-related approaches such as pollution prevention (P2) and Cleaner Production (CP). The dissemination of environmental management accounting concepts and tools is mainly through three new programs and initiatives:
Using funding from the US-Asia Environmental Partnership Program, PICPA has developed a new training course entitled “Environmental Cost Assessment (ECA): Profiting from Cleaner Production” as part of its continuing professional education program. The course was developed with participation from the following organizations: the Illinois Environmental Protection Agency, the Tellus Institute, and the Asian Institute of Management.

The course was designed for an audience of mixed professionals including accountants, engineers, and environmental specialists in recognition of the fact that successful environmental cost accounting and cleaner production require teamwork at the facility level. The two-day curriculum for this course was designed around a set of case studies based on Philippine businesses that have improved their financial and environmental performance through the adoption of cleaner production strategies. Topics on the course include the following:

- Introduction to Environmental Accounting
- How to estimate the true “cost of waste” at an industrial facility
- Basic concepts of cleaner production for reducing the cost of waste
- Environmental cost data collection and estimation issues and tools
- How to perform a comprehensive profitability assessment for environmental improvement projects, particularly, investments for cleaner production
- Case studies of cleaner production profitability in Philippine companies
- How to use the environmental accounting software E2F Philippines

Ten experienced PICPA trainers, representing various regions in the Philippines, also underwent a 3-day train-the-trainers course in order to ensure the continued dissemination of the course in other parts of the country. The trainers have been conducting the course since January 2000 to different types of audiences coming from business, academe, and government. Many more sessions of the course are currently in the planning stage in cooperation with industry associations representing large, medium, and small-scale companies and the Philippine Business for the Environment (PBE).

Company accountants, engineers, and managers who attended the course reported that it has helped them understand and initiate profitable environmentally-driven improvements in their companies. A good example of these companies is the Lopez Group of Companies, a diversified group representing more than 40 businesses in the Philippines. The conglomerate has integrated EMA in their Environment, Safety and Health (ESH) reporting and assessment system. EMA is expected to help improve the company’s ESH performance and promote its full integration into the business organization.

Other courses exploring links between environmental issues and the accounting profession will be developed and offered in the future. One of these courses addresses issues in environmental auditing. This has already been included in the list of courses endorsed by the Professional Development Committee to the various PICPA chapters for the purpose of continuing professional education.
2. Integration of Environmental Accounting in the Undergraduate Accountancy Curriculum

To ensure that future practitioners will make environmental concerns an indispensable part of the practice of their professions, it is important for schools and universities to adjust their curricula to integrate an environmental perspective into the courses on offer. Environmental education at the school and university levels aims to deepen knowledge and develop the necessary skills for the management and improvement of environmental quality conducive to the well-being of society.

The PICPA has responded to this challenge by working towards the integration of environmental accounting in the accounting curriculum for schools and universities. The PICPA Model Curriculum integrates environmental accounting in the following subjects:

Management Accounting:
Environmental accounting topics include environmental cost analysis and capital budgeting for environment-related projects particularly cleaner production investments.

Financial Accounting and Auditing:
Discussions of applicable financial accounting standards relating to environmental issues in companies (e.g. contingencies, liabilities and disclosures).

Professional Ethics:
Topics for discussion include consciousness and care for the environment which is part of the social responsibility of an accountant. Also included is the integration of environmental and societal consideration in business decision making.

The Board of Accountancy in the Philippines has recently endorsed the 2001 Revised Accountancy Curriculum setting out the minimum requirements for an accounting degree in the country. The new curriculum also includes EMA topics in the following core accounting subjects:

Management Accounting, which lists environmental cost accounting as one of its topics; and

Advanced Accounting, where the impacts of environmental concerns on company costs will be examined.

3. Dissemination of Environmental Accounting Information and Tools Through Written Materials, Conferences, Networks, etc.

Other activities to promote environmental accounting have been undertaken by The PICPA. Environmental accounting concepts and tools are being promoted via articles published in various PICPA newsletters and journals. To further spread the practice of environmental accounting to its membership, the Institute has also featured environment-related topics in conferences and conventions. One prominent venue where environmental accounting was highlighted was the convention of the Confederation of Asia Pacific Accountants (CAPA) held in Manila in November 2000.

To address the needs of the education sector, an EMA Coursebook is being planned for distribution to accounting professors to encourage the teaching of EMA in the classroom.

Various chapters of The PICPA, situated across the entire country, have also initiated their own community-based environmental
projects in the areas of solid waste management, recycling, and reforestation.

Future Work

The Accountancy profession in the Philippines is actively getting its members engaged in considering environmental issues in their decision making. Through the committed actions and unwavering interest of individuals and groups within the organization, PICPA has made great strides towards putting the environment on the agenda of the accountancy profession in the Philippines. However, much work still has to be done to sustain the various programs that are already in place, particularly in the area of educating professionals and students in the practice of environmental management accounting. The Institute looks forward to meeting these challenges in the future and will continue undertaking projects that will help promote sustainability in business and society through more innovative practices in accounting.

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The Asia Pacific Interdisciplinary Research in Accounting (APIRA) 2001 Emerging Scholars Colloquium: Positive Signs for Environmental Accounting Research

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Sumit attended the APIRA 2001 Emerging Scholars Colloquium in Adelaide and his impressions of the meeting follow.

I had the pleasure of attending the emerging scholars colloquium at the APIRA conference held a day before the actual conference commenced (July 15th-17th). Environmental accounting was well represented at the colloquium with senior researchers in social and environmental accounting such as Professor Rob Gray, Professor James Guthrie, Professor Lee Parker, Professor Craig Deegan and Professor Tony Tinker all heavily involved in presentations and discussions. In addition, there were eight participants who discussed their research projects in social and environmental accounting (see the details in Box 1).

The objectives of the colloquium were to provide participants with research and mentoring in the fields and methodologies relevant to the APIRA 2001 conference, to provide networking opportunities between emerging scholars and to provide opportunities for emerging scholars to present their current work for discussion in a small group setting.

The colloquium began with an informal dinner on Friday, July 13th at the Balcony restaurant in Strathmore Hotel. The rather ominous date turned into a very pleasant evening with emerging scholars interacting