

small business and climate change

what affects you and what you can do



Accommodation

Drivers of change for small to medium accommodation businesses

- Changes in the energy market are putting pressure on energy prices and the costs of inputs that are energy-intensive to produce. The Government's proposed carbon pricing scheme will add further pressure to these costs and waste disposal charges.
- For accommodation businesses, key price increases will occur for:
 - energy and water
 - agricultural products (food and beverages)
 - cleaning products
 - paper and cardboard products and plastic packaging.
 - waste disposal
- Energy efficiency standards for new buildings and appliances are also likely to increase.

What you can do in your small business

- Review your exposure to increased prices and other climate change adjustment costs, and the exposure of your competitors
- Reduce costs by reducing your energy and water use and waste generation. You can do this by:
 - improving the energy efficiency of your lighting,

heating and air-conditioning systems
– reducing, recycling or composting waste.

- Explore new marketing opportunities, like improving the energy efficiency of your building(s) and obtaining an accredited energy efficiency rating. Energy efficient building designs are often cost effective and can improve guest comfort and help distinguish your business from competitors.

Climate change impacts

Small to medium enterprise (SME) accommodation businesses will be affected by rising energy prices from changes to the energy market, climate change policies including carbon emissions pricing and changing consumer preferences.

The physical effects of climate change could also have some flow-on effects, in particular through increasing water prices. The extent of the impact on your business may depend on the type of service and the region in which your business operates.

The effects on SME accommodation businesses are closely linked to tourism. Specific effects on the tourism industry are addressed in the **Tourism fact sheet** in this series.

Fact sheets in this series

General climate change information:

- business effects of climate change policies
- weathering climate change impacts in your small business
- changing climates for large and small consumer markets.

Sector-specific climate change information:

- accommodation
- business and professional services
- cafés and restaurants
- manufacturing
- retail and wholesale trade
- tourism
- transport.



Adjusting to climate change policies and energy and water prices

Carbon emissions pricing

As a small to medium-sized accommodation business you will not be liable under the carbon emissions pricing mechanism. This means your business will not be required to buy or surrender carbon permits.

Carbon pricing will increase the cost of energy and other inputs that are emissions intensive to produce. Inputs that are the most energy or emissions intensive to produce are likely to see the greatest increase.

Energy price increases

Increased energy prices will have a direct effect on your energy bill and indirect effects through increases in the costs of energy-intensive inputs such as:

- agricultural products (food and beverages)
- cleaning products
- paper and cardboard products and plastic packaging
- water.

Energy efficiency standards

The Federal Government has proposed to increase the stringency of energy efficiency standards for appliances. Changes will increase the availability of information about energy efficiency and assist you in making decisions when purchasing appliances such as air conditioners, clothes washers and dryers, refrigerators and dishwashers.

Energy efficiency requirements for new buildings and major renovations were increased in the 2010 National

Construction Code. It is expected that increasingly tight standards will be set in future. These standards apply to a range of building features including materials, sealing, water and space heating, ventilation and air conditioning.

What you can do in your small business

Identify sources of carbon emissions

Accommodation and food service SMEs produce an average of 225 tonnes carbon dioxide equivalent (CO₂e) per year, or 17 tonnes CO₂e per employee.¹ Almost 90 per cent of these emissions are from electricity use. Actions to improve energy efficiency will therefore reduce the carbon footprint of your business.

No regrets to improve energy efficiency

In all cases, we recommend identifying and implementing 'no regrets' actions. No regrets actions are those that will benefit you regardless of the impact of climate change policies.

Energy efficient appliances and equipment may be more expensive up front, but can result in savings in energy and water costs over a short period of time, ensuring you recover your initial investment and reap ongoing savings. Some simple actions that can be taken to reduce your energy use and minimise the impact of increased energy costs on your business include:

- maximising the use of natural ventilation and insulation to reduce air conditioning and heating
- setting cooling temperature to as high as possible and heating temperature to as low as possible. (An increase of 1°C in cooling temperature or a decrease of 1°C in heating temperature can reduce energy use by up to ten per cent).
- optimising the operation of your existing heating, ventilation, and cooling system, or installing a more efficient system
- investing in movement sensors or timer switches to reduce unnecessary lighting use, de-lamping over-lit areas, installing energy efficient lighting and using natural light where possible
- ensuring refrigerator door seals are effective and placing refrigerators in well ventilated areas
- replacing old or broken appliances with energy efficient models
- replacing electric appliances or equipment with natural gas alternatives
- turning off computer and television monitors when not in use, and upgrading to LCD or LED screens to significantly reduce energy consumption.

No regrets to cut down waste

These cost increases at landfill sites are likely to be passed on to the producers of waste (i.e. any collection point) in the form of increased waste disposal charges.

Climate change, water, energy and the food industry – what you need to know

Some types of agricultural production, like beef and dairy cattle, sheep, pigs and sugar cane, are in the top 20 Australian emissions intensive industries. However a carbon price will not be applied to emissions from agriculture. Farmers, foresters and land managers will receive support to increase carbon stored on the land, reduce emissions and manage biodiversity.

The Carbon Farming Initiative will allow farmers and land managers to generate carbon credits for activities such as reforestation and revegetation; reducing methane emissions from livestock digestion and manure; and increasing soil carbon storage. Kyoto-compliant credits may be sold between credited parties.

Agriculture will be affected by the flow on effects of carbon emissions pricing and changes in the energy market. Agriculture requires a significant amount of energy, through running machinery and energy-intensive production inputs. Increased fuel, energy and fertiliser costs will increase production costs for the agricultural sector.

The physical effects of climate change could also affect the agricultural sector. Changing rainfall patterns, water allocations, water security issues and infrastructure investment (like desalination plants, water pipeline investments and 'drought-proofing' initiatives) will increase water prices and production costs for agricultural producers and food manufacturers.

These effects are likely to lead to higher costs of production for the agricultural sector and increased food and beverage prices putting pressure on wholesale distributors and retailers of food and agricultural products.

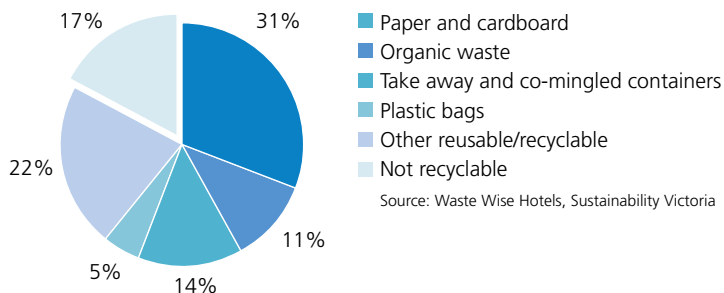


In addition to creating landfill, solid waste releases greenhouse gas emissions as it decomposes. Landfill levies will increase in future.² In addition, many landfill sites will be covered by the carbon emissions pricing scheme, resulting in increased costs for waste management. Reducing your waste can be an effective way to minimise costs and also an effective marketing strategy to increase your credentials as an environmentally sustainable business.

The majority of waste for accommodation businesses comes from packaging and food containers (paper, cardboard, and plastics) and organic waste from food scraps.

Activities that can be taken to reduce waste and waste disposal costs include:

Hotel waste composition



- Separating and recycling as much of your waste as possible (glass, paper and most plastics). Research on waste composition of Melbourne hotels has shown that most of the items sent to landfill can be recycled³
- Composting can also be an effective way to deal with organic waste (and is increasingly available to commercial premises)
- Using re-usable rather than disposable utensils, tableware, and packaging where possible.

Leverage consumer preferences to your market advantage

A greater public focus on environmental issues is likely to drive consumer and large enterprise customer preferences towards more sustainable products and services (for more details see the **Changing climates for large and small consumer markets fact sheet** in this series).

Accommodation services are closely linked to the tourism sector, where demand is shifting towards 'eco-friendly' products and services.⁴ You can take advantage of these new business opportunities by:

- providing customers with information on greenhouse gas emissions associated with your products
- using locally produced goods to reduce transport costs and emissions
- implementing strategies to reduce your emissions and water use, such as allowing guests to choose when to have their towels and linen cleaned
- improving the energy efficiency of your building(s) and obtaining an accredited energy rating.

Each of these actions can improve your environmental credentials and provide a key marketing opportunity.

Accommodation businesses are also in a unique position to influence customers on energy and water use and waste efficiency by educating guests about actions they can take. This provides multiple benefits such as:

- demonstrating your commitment to environmental sustainability to customers
- reducing the impact your business has on the environment
- reducing costs and improving staff engagement.

Adapt to climate change and improve business resilience

The physical effects of climate change will be diverse. It is important that your investment decisions take into consideration the potential effect of climate change to your business.

Increased temperatures and more hot days will increase pressure on refrigeration and air conditioning systems. This will increase costs for accommodation businesses and affect the comfort of guests.

The effects of climate change on the availability and cost of water will affect large water users.

Renewable energy at your place?

Under the renewable energy target, small businesses are able to purchase and gain recognition of their small-scale generation systems. Owners are typically credited upfront for the estimated future renewable energy output of their renewable energy system, with this credit often incorporated as a discount on the purchase price. Discounts vary by system, location and the price of renewable energy certificates, but typically are around \$1000 for water heating systems and up to around \$6000 for solar PV generation units.⁵ From January 2011, a guaranteed price of \$40 is paid for each renewable certificate created by small-scale systems.

Small-scale solar PV systems may also be eligible for state-based feed-in tariff payments. The rates and arrangements differ by state and are paid according to the amount of power exported back to the grid (a 'net' feed-in tariff), or the whole amount of power produced by the system (a 'gross' feed-in tariff in ACT and NSW only).⁶

1 Rothberg. A. (2011), The Carbon Footprint of Victoria's Small and Medium Enterprises. East Melbourne: Carbon Down

2 EPA Victoria (2011) Landfill levies, http://www.epa.vic.gov.au/waste/landfill_levies.asp

3 Sustainability Victoria (2006), Waste Wise Hotel Toolkit, Melbourne, p.7

4 Thermometer Survey Update: Our Community's Response to Climate Change, 13 March 2009. The most recent update to the survey was based on fieldwork undertaken in February 2009

5 Department of Climate Change (2010), Fact Sheet – Enhanced Renewable Energy Target, March

6 Energy Matters: Feed In Tariffs (2010) <http://www.energymatters.com.au/government-rebates/feedintariff.php#fit-table>

VECCI's business sustainability products and services for SMEs

Carbon Compass

Carbon Compass provides free access to a range of energy, water and waste reduction hints, tips and resources to help business reduce costs and their carbon footprint at the same time.

Visit www.carboncompass.com.au

Grow Me The Money

A 12-step program, Grow Me The Money will take your business through strategies to reduce your carbon footprint, save money and report credibly on your savings to customers, staff and the community. Successful Grow Me The Money participants save an average of 13 per cent or \$8,300.26 across all three utilities (electricity, gas and water), and deliver more than 69 tonnes of carbon abatement.

Join Grow Me The Money today at

www.growmethemoney.com.au or by calling 03 8662 5480. Prices start from \$199 and are tax deductible.

Sustainability consulting

VECCI's experienced Sustainability Consultants can show you how to achieve great outcomes for your business, your community and the environment, with expertise in:

- sustainability strategy, policy and environmental management system development
- energy and waste opportunity assessment
- action planning and implementation
- carbon footprint assessment

VECCI consultants come to you, saving valuable time, and their assistance is tailored to your unique circumstances.

Visit www.vecci.org.au/sustainability or call 03 8662 5196. Discounts apply for VECCI members.

Energy bill review

VECCI consultants can review your business's electricity plan to identify whether you could be saving money with a different plan or retailer.

Call us for more information on 03 8662 5196.

These fact sheets were developed by VECCI Sustainability Services. Last updated December 2011.

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Sustainability training

Want to know more and learn from other businesses? In a new era of 'green choices', VECCI's dedicated training and briefings can help your business reduce its environmental footprint, save money and give you a competitive advantage. Delivered throughout Victoria, prices start from just \$45.

The following programs are currently available:

Carbon Management 101: cutting through the carbon jargon. Who should attend? All small business representatives interested in climate change and related policies, carbon management practices and identifying opportunities for making environmental and financial savings.

Resource Efficiency and Your Business: hands on sustainability practices for SMEs. Who should attend? Small business representatives interested in tools and techniques that assist to track their resource use and realise financial savings.

Marketing Your Environmental Business Credentials: essentials of environmental marketing. This half-day workshop explores the potential of the 'green' consumer as a target market and how to avoid 'greenwashing', as well as identifying easy steps you can undertake to communicate your environmental achievements and initiatives.

Creative Thinking and Sustainability workshop: your sustainable edge in changing times. This half-day workshop is packed with practical tips and hands on examples demonstrating the four cornerstones of creative thinking and uniting these with opportunities for sustainable business practice. Who should attend? All business representatives interested in smarter decision-making and sustainable business practices.

Green Office Briefing: simple steps to green your office. This two hour briefing is for SMEs and larger businesses who wish to educate their staff about electricity consumption, paper use, waste disposal and purchasing practices in the office. This interactive briefing empowers staff to take immediate action in implementing green office practices.

To book, visit www.vecci.org.au/training or call VECCI on 03 8662 5333.



VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY