

small business and climate change what affects you and what you can do



Weathering climate change effects in your small business

Drivers of climate change and risk mitigation

- Climate change presents risks to all businesses - some will be affected more than others
- Some climate change is already 'locked in' because of past greenhouse gas emissions and effects can be exacerbated by global climate patterns such as el niño and la niña
- Effects are predicted to drive increases in temperatures, changes in rainfall patterns and more frequent extreme weather events such as storms, heat waves and bushfires
- Climate impacts could also increase risks to infrastructure, agriculture, biodiversity, natural assets and human health
- The effect of climate change policies and regulations, such as product standards, building codes, energy efficiency programs or carbon pricing, may affect your

business. These are outlined in the *Business effects of climate change policies fact sheet*.

What you can do in your small business

What are the risks to your business if suppliers' costs increase or supply is threatened?

- Customers and markets - will climate change affect demand for your product or service?
- Employees - are your employees likely to be adversely affected by climate change as a result of an increase in the number of hot days (will it affect their ability to attend work?) or other climate change related health issues
- Facilities - are your business facilities susceptible to damage from increased intensity and occurrence of severe weather events, such as storm events, flooding or bushfires?

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.



- Consider improving the energy efficiency of your buildings and operations to reduce heating and cooling costs, improve amenity and resilience under changing environmental conditions
- Consider opportunities to grow your business. How might you expand or alter your business strategies to assist other businesses and consumers adapt to the changing climate and minimise the risks they face?

Climate changes affect business and the environment

While there is some uncertainty about climate change and its effects, a number of eminent Australian scientists tell us that by 2030, the average temperature in Australia will increase by about 1°C above 1990 levels. Locally, rainfall in Victoria could decline by 3.5 per cent relative to 1990 levels.¹

What does this mean for small business

The effects of climate change on small to medium enterprises (SMEs) will be diverse. In the long-term, all businesses are likely to be impacted to some extent. The effects for some sectors could be greater than others, depending on their exposure and vulnerability to the effects of climate change on infrastructure, agriculture, biodiversity, natural resource assets and changing consumer preferences.

Water prices

Increased investment to improve water security is leading to increases in the price of water in Victoria. Substantial government spending on infrastructure to secure supply means that further increases will occur.

Rising water prices puts pressure on prices of products and services that consume a lot of water during production, such as agricultural produce (food and beverages), chemical products and cleaning services.

- **Infrastructure** – higher temperatures and severe weather events such as storms and flooding could effect infrastructure (including buildings, roads, rail and bridges) by increasing degradation rates, causing damage and reducing infrastructure life spans.
- **Agriculture** – changes in temperature and rainfall could affect the productivity of agriculture and in some cases affect the viability of businesses. This could flow through to increases in the availability and price of agricultural outputs (e.g. beef, grain and fruit)

- **Retailers** – in addition to the effects on primary producers, effects will be greatest for wholesalers and

retailers of agricultural produce, including cafés and restaurants

- **Biodiversity and natural resource assets** – climate change will affect the quality of many of Victoria's natural assets. Higher temperatures will affect snow conditions and fisheries. The effects will be greatest for tourism based SMEs in the Victorian alpine regions and businesses connected to fisheries.

- **Health** – an increase in the number of hot days and severe weather events may affect employee productivity, especially in outdoor work, such as agriculture, construction and some tourism operations. An increase in temperature and the number of hot days may also increase costs for food handling and refrigeration which are required for the prevention of foodborne illnesses

- **Changing consumer preferences** – climate change is likely to affect the types of products that consumers demand, such as air-conditioning, clothing and housing. Consumers are also likely to demand products with a lower 'carbon footprint' to limit their contribution to climate change. This may be reinforced if carbon pricing is introduced as goods with a high 'carbon footprint' are expected to increase in price relative to products produced with lower emission-intensity.

Actions and opportunities

Simple actions can prepare your business and reduce costs

Effectively managing the impacts of climate change on your business presents a prime opportunity to increase your competitive advantage.

Appropriate and cost effective strategies and investments can minimise risks and costs, helping to ensure your business is able to manage and prosper even in changed climatic conditions. For example, decisions about long-term investments, such as new buildings and refurbishments might need to take into account the potential effects of climate change on infrastructure.

In all cases, we recommend identifying and implementing 'no regrets' actions. This means actions that will benefit you regardless of climate changes. An example could be improving the efficiency of your cooling system(s).

¹ Garnaut R. (2008). *The Garnaut Climate Change Review Final Report*, Melbourne



Actions that you can take to help adapt to climate change and minimise risks include:

- building, upgrading (renovating), or relocating to lower energy or more resilient buildings
- improving the efficiency of heating, air conditioning and ventilation systems
- installing water efficient appliances or investing in water capture products
- identifying input prices that might rise because of climate change or climate change policies
- adopting a flexible workplace policy (particularly in summer months) to minimise weather-induced impacts on your operations
- updating your emergency response plans if your business may be subject to extreme weather events such as floods or is in an area where bushfires may become more prevalent
- diversifying business offerings where significant risks are identified.

Appropriate insurance products may also assist in managing financial risks associated with business interruption, infrastructure or crop damage from severe weather events.

Where climate change poses a significant risk to the future viability of your business, the most appropriate action may be to alter or diversify your business. For example, businesses in alpine areas may choose to extend their offerings beyond those traditionally associated with the snow season.

New business opportunities

Key areas of opportunity for SMEs include providing assistance for:

- home and building owners to respond to increases in the number of hot days and minimise the risks associated with severe weather events
- primary producers to respond to reduced rainfall and changed cropping conditions
- food and beverage manufacturers, wholesalers and retailers to cope with increases in temperature and issues around refrigeration
- the substitution of products as a result of changed resource use
- increased demand for lower emission products.

The effects of climate change could present challenges for all businesses. Some of these challenges cannot be avoided due to past emissions and will require adaptation responses over the coming decades.

For more details on actions that can be taken to adapt in your sector, see the other fact sheets in this series.

Energy efficient building design

Construction costs do not necessarily need to increase substantially to improve energy efficiency in buildings. While some materials may be more expensive (such as advanced roofing coatings and window films), there is also a range of passive design features for improving energy efficiency, including:

- site orientation – having occupied areas facing north while locating all service to the south, east, or west
- windows and blinds – adequately sized, positioned and properly shaded
- natural ventilation and insulation – the optimal amount type and location of insulation will change depending on climate conditions.

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 support 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.

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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
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- Carbon footprint assessment

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

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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.

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www.vecci.org.au/sustainability

486 Albert Street
East Melbourne VIC 3002
T 03 8662 5196
F 03 8662 5489
E sustainability@vecci.org.au

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 as well as 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, how to avoid 'greenwashing', and identifies 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 regarding 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.



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