

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



## ***Business and professional services***

### ***Drivers of change for small to medium professional service providers***

- Changes in the energy market are putting pressure on energy prices and increasing the costs of inputs that are energy-intensive to produce. The likely introduction of the Federal Government's proposed carbon pricing scheme will add further pressure to these costs.
- For the business and professional services sector, there could be key price increases for:
  - energy and water
  - paper and cardboard
  - cleaning products
  - fertilisers and basic chemicals
  - waste disposal.

### ***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 by:
  - improving energy efficiency of lighting and heating and air conditioning systems
  - reducing, recycling or composting your waste.
- Explore new business opportunities, including:
  - providing advice on energy and water efficient products and services
  - providing information about the greenhouse gas emissions or environmental effect of your services or products.

### ***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.



## ***A changing business environment***

A significant proportion of small to medium enterprises (SMEs) operate in this diverse sector, including:

- finance and accounting, business advisory, administrative support and consulting services
- building cleaning, pest control and gardening services
- property and real estate services.

SMEs in the business and professional services sector will be impacted by rising energy prices from changes to the energy market, climate change policies and changing consumer preferences. The physical effects of climate change will also have some flow-on effects, particularly through increasing water prices.

## ***Adjusting to climate change policies***

### ***Carbon emissions pricing***

As a small to medium-sized business you will not be liable under the carbon emissions pricing mechanism. This means that 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***

The renewable energy target is also driving changes in how we produce electricity and will, along with network investment to ensure supply reliability, put pressure on retail electricity prices.

Increased energy prices will have a direct effect on your energy bill and indirect effects through increases in the costs of energy-intensive inputs. For the business and professional services sector, these inputs are likely to include:

- paper and cardboard
- cleaning products
- fertilisers and basic chemicals.

### ***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***

Around 85 per cent of greenhouse gas emissions from commercial services SMEs are from electricity use.<sup>1</sup> 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. This means actions that will benefit you regardless of the effect of climate change policies. For example, improving the energy or resource efficiency of your business is likely to provide long-term gains from reduced costs.

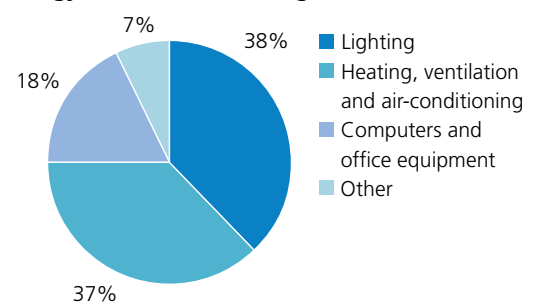
Energy efficient appliances and equipment may be more expensive up front, but can result in energy cost savings over a short timeframe. They may also provide other benefits such as water efficiency improvements.

The proposed increase to the small business instant asset write-off will provide some assistance with upfront costs for eligible businesses to invest in assets including equipment to improve energy efficiency.

If you operate in an office environment, the majority of your energy use is likely to be from:

- lighting
- heating, ventilation, cooling and air conditioning systems
- office equipment.

### ***Energy use in office buildings***



Source: ecoBiz Queensland



### **Action items for office-based businesses**

Simple actions that can be taken to reduce your energy use and minimise the effect 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, cooling and air-conditioning system or installing a more efficient system
- switching off lights when not required, and using natural light where possible
- investing in motion sensors or timer switches to reduce unnecessary lighting use, de-lamping over-lit areas, and installing energy efficient lighting
- removing unnecessary appliances and equipment
- replacing old/broken appliances and equipment with energy efficient models
- installing 24 hour timers on appliances or equipment such as hot water urns or drinks fridges
- enabling power save mode on electronic equipment
- turning off computer monitors when not in use
- replacing traditional monitors with LCD or LED screens can significantly reduce energy consumption
- replacing desktop computers with laptops
- turning off computers overnight.

### **No regrets to reduce waste**

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

The majority of waste for office-based businesses will be paper and cardboard, followed by food scraps. Actions you can take to reduce your waste include:

- Separating and recycling as much of your waste as possible (glass, paper and most plastics). Composting can also be an effective way to deal with organic waste (this innovation in waste management is increasingly available to commercial premises)
- Working with your suppliers (and customers) to explore opportunities for using re-usable, recyclable or biodegradable packaging to manage their organic waste.
- Introducing recycled paper. Reducing paper use and then recycling it provides both an environmental and economic benefit. Simple steps to reduce paper use include minimising printing of emails and documents, setting double-sided printing as a default, and re-using single-sided

'waste' paper for notes.

The majority of waste for gardening businesses will be organic. In addition to composting, sharing waste removal and recycling costs with other contractors can reduce costs.

Cleaning, pest control and gardening services may also generate a large amount of liquid waste (trade waste). Talk to your water retailer or VECCI about measures you can take to reduce your trade waste costs.

### **Leverage consumer preferences to your market advantage**

Concerns about climate change and water security will affect people's choices about what they buy. Providing information about your sustainability activities and the environmental impact associated with your services or products can assist customers with their purchasing decisions and help your business stand out in a crowded market.

Positioning your business as environmentally responsible can also be a strategy for attracting employees and improving employee engagement and satisfaction. Studies have found that employee satisfaction is typically higher in environmentally friendly buildings.<sup>3</sup>

There will be a range of opportunities for developing or selling products and services that assist businesses and individuals to understand and improve their resource efficiency and minimise their carbon footprint.

These products and services could include:

- Accreditation services such as the National Australian Built Environment Rating System or Green Building Council of Australia's Green Star ratings
  - Providing audits of offset methodologies, offset projects and carbon footprint calculations for businesses aiming to voluntarily reduce their carbon footprint or obtain carbon neutral status
  - Advice and products for improving energy efficiency of buildings and business processes
  - Advice and products for improving the operation of heating, ventilation and cooling systems.
- Cleaning services and products in particular are affected by concerns about the environment. While people still need effective cleaning products, they also want to minimise the effect they have on the environment.
- Opportunities for gardening services include:
- Assisting people 'drought-proof' their gardens, either by using recycled water or planting native varieties that are less water intensive
  - Educating or providing information to people about how they can reduce their garden's reliance on water
  - Providing advice or assisting businesses (and individuals) to manage their organic waste.

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](http://www.epa.vic.gov.au/waste/landfill_levies.asp)

3 For example, see S. Abbaszadeh, L. Zagreus, D. Lehrner and C. Huizenga (2006), *Occupant Satisfaction with Indoor Environmental Quality in Green Buildings*, Center for the Built Environment, University of California, and A. Leaman, L. Thomas and M. Vandenberg (2007), *'Green' buildings – What Australian building users are saying*, both available at the Your Building website, <http://www.yourbuilding.org/display/yb/Home>

## **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](http://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](http://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](http://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.

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[www.vecci.org.au/sustainability](http://www.vecci.org.au/sustainability)

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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](http://www.vecci.org.au/training) or call VECCI on 03 8662 5333.



VICTORIAN EMPLOYERS' CHAMBER OF COMMERCE AND INDUSTRY