

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



Cafés and restaurants

Drivers of change in small to medium café and restaurant businesses

- Climate change and subsequent government policies, as well as related businesses and consumer actions are affecting the Australian business environment
- Energy market changes are driving price increases for energy and energy-intensive inputs, and the likely introduction of the Federal Government's proposed carbon pricing scheme will contribute to further rises. This provides a reason to become energy efficient and reduce costs in your business
- For cafés and restaurants, price increases are likely to affect:
 - 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 will affect new premises fit-outs and building requirements.

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
- Take action to reduce costs by reducing your energy and water use and waste generation
- Improve your environmental credentials and promote yourself as a sustainable business by:
 - using locally produced goods where possible to reduce transport costs and emissions
 - using re-usable, biodegradable or recyclable bags and take-away containers
 - providing information on the carbon footprint of your business and products.

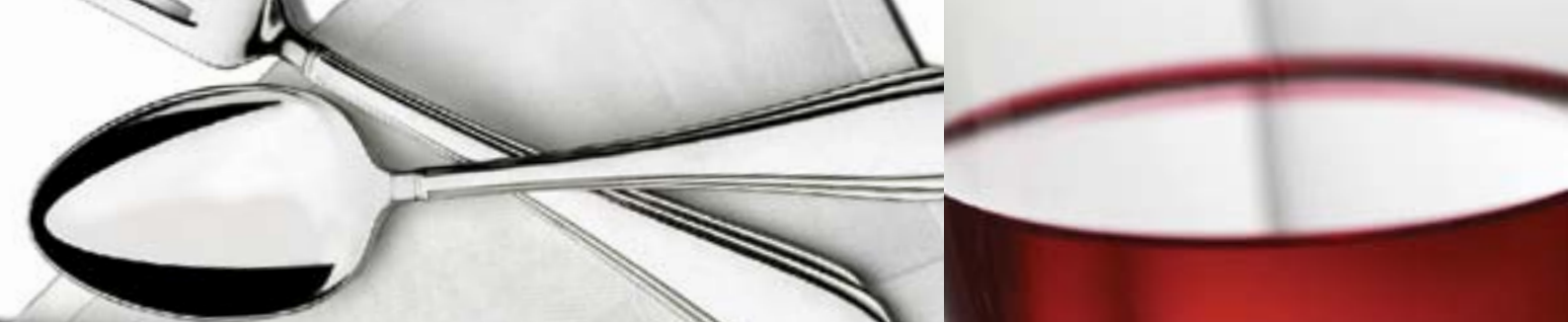
Fact sheets in this series

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

Small to medium enterprise (SME) café and restaurant 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 food and water prices.

Adjusting to climate change policies and energy and water prices

The proposed carbon emissions pricing scheme will be introduced in July 2012 in Australia. Action to reduce emissions is high on the policy agenda for governments and a range of supporting policies are also being implemented. Other key climate change policies with implications for SME cafés and restaurants include the expanded renewable energy target and energy efficiency standards for products and appliances.

As a small to medium sized café and restaurant business owner 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.

Effects on food prices Climate change, water, energy, and the restaurant 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.

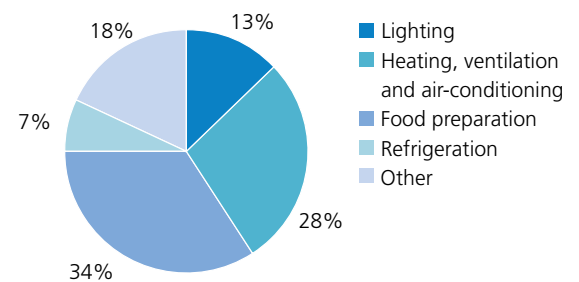
These effects are likely to lead to higher costs of production for the agricultural sector and increased food and beverage prices putting pressure on wholesale distributors and retailers of food and agricultural products.

Carbon emissions pricing and other changes to energy markets will increase the cost of energy and other inputs that are energy or emissions-intensive to produce. Inputs that are the most energy or emissions-intensive are likely to see the greatest increase in prices. For café and restaurant businesses, these inputs are likely to include:

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

Carbon emissions pricing will also increase costs for waste

Energy use in cafes and restaurants



disposal.

Energy market changes

The renewable energy target is driving changes in how we produce electricity, leading to greater investment renewable technologies like wind. Ongoing changes to the energy market will also increase energy prices and present challenges and opportunities to SME cafés and restaurants.

Increased energy prices will have a direct effect on your energy bill but this can be mitigated by taking action on energy efficiency in your business.

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.

What you can do in your small business

Identify sources of carbon emissions

Food service and accommodation SMEs produce an average of 225 tonnes of 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.



Trade waste charges

Reducing your water use can also reduce the liquid waste (trade waste) produced by your business. However, this may increase the concentration of pollutants in your trade waste, increasing charges.

Careful maintenance of your grease trap and minimising the use of detergents can improve the quality of your trade waste. Talk to your water retailer or to VECCI about measures you can take to reduce your trade waste costs.

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 impact 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 savings in energy costs over a fairly short timeframe. They may also provide other benefits such as water efficiency improvements.

The majority of energy use for café and restaurant businesses is likely to be related to:

- heating, ventilation, cooling and air conditioning systems
- food preparation
- lighting
- refrigeration

Some 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 the cooling temperature to as high as possible, and the 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, using natural light where possible, 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
- using gas rather than electric cooking and heating appliances
- installing variable speed drives on kitchen fans
- ensuring refrigerator door seals are effective and placing refrigerators in well ventilated areas
- maintaining refrigerators and cool rooms regularly and ensuring they are set at an appropriate temperature.

Simple actions to reduce waste from your business

In addition to creating landfill, solid waste releases greenhouse gas emissions as it decomposes. Future increases in landfill levies are planned.² In addition, many landfill sites will be covered by the carbon pricing scheme, resulting in further pressure on 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 café and restaurant businesses comes from plastics, paper and cardboard from packaging, and organic waste from food scraps. Activities that can be taken to reduce waste and waste disposal costs include:

- separating and recycling as much of your waste as possible (glass, paper and most plastics)
- composting can be an effective way to deal with organic waste (and is increasingly available to commercial premises)
- using re-usable rather than disposable utensils and tableware where possible
- working with your suppliers to explore opportunities for managing recycling sorting in the operation of your business and using re-usable recyclable or biodegradable packaging.

Simple actions to make your business water efficient

Investments made to improve water security will increase prices for water use and water-based products.

Café and restaurant businesses can also use a lot of water in cooking and cleaning. Actions that can be taken to reduce your water use include:

- washing food in the sink or a bowl rather than under running water
- purchasing water efficient kitchen and cleaning appliances
- installing low flow tap fittings, dual-flush toilets and waterless urinals

Adjusting to climate change policies and leveraging consumer preferences to your market advantage

Climate change and changing consumer preferences present challenges and opportunities for SME cafés and restaurants. Consumers are more aware of the environmental effect of the products they consume.

Food choices in particular are increasingly being recognised as having the potential to significantly affect the environment through greenhouse gas emissions (especially from livestock), water use, transport and land effects.

As a SME café or restaurant owner, this presents an opportunity to improve your environmental credentials and promote yourself as a sustainable business. Actions that can be taken to take advantage of new business opportunities include:

- sourcing locally produced goods, such as agricultural produce, to reduce transport costs and emissions
- using recycled packaging and replacing plastic bags and take-away containers with paper or re-usable bags and containers
- developing a strategy and marketing your credentials and achievements by providing customers with information about the environmental effect of your products and actions you are taking.

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

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.

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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

