

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



Tourism

Drivers of change for small to medium tourism businesses

- 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 further increase some costs. The tourism sector will be affected by increases in the prices of electricity, fuel and food products
- The carbon emissions price will apply to fuel in domestic aviation and rail transport. Increased energy and fuel prices will especially affect transport-reliant tourism, such as tourist attractions located a significant distance from population centres
- A greater public focus on environmental issues is likely to drive consumer preferences towards more

sustainable and less emissions-intensive tourism products

- The physical effects of climate change will be diverse and affect on tourism regions and sectors in different ways, with possible changes to snow cover, coastal areas, forests, biodiversity, viticulture and infrastructure.

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
- Review the risks to your business posed by the physical effects of climate change.

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.



- Identify and respond to changes in consumer preferences by providing innovative products and marketing your environmental credentials. For example, you may wish to consider:
 - providing more information on the environmental impact of products
 - branching out into 'eco-friendly' and 'eco-tourism' products
 - developing and implementing a green strategy, for example, purchasing accredited GreenPower and getting a green accreditation for your premises.

A changing business environment

Small and medium enterprise (SME) tourism businesses will be affected 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 with increasing food and water prices and the impact on natural assets.

The breadth of sectors that make up the tourism industry means the effects will be diverse and the effects on your business will depend on your product or service and the region in which your business operates.

Adjusting to climate change policies and energy price rises

The main climate change policy that will have implications for the tourism industry is the proposed carbon emissions pricing scheme.

As a small to medium-sized business you will not be liable under the carbon emissions pricing mechanism, meaning your business will not be required to buy or surrender carbon permits. Your business will, however, be indirectly affected through increases in the price of emissions-intensive products, many of which are used as inputs into tourism products, such as energy (electricity and fuel) and some food products.

The carbon price will be applied to fuel used in domestic aviation and rail transport. Increased energy and fuel prices will especially effect transport-reliant tourism, such as tourist attractions located a significant distance from population centres.

For tourism businesses such as cafés, restaurants and accommodation, the largest costs are likely to result from increased prices for electricity and food products.

The global response to climate change could also affect international tourism, depending on the treatment of international flights under a global emissions reduction strategy. For some international consumers, this may reduce

the attractiveness of Australia as a tourist destination given our distance from key tourist markets. This could have flow-on consequences for the entire Australian tourism industry.

Impacts on nature-based tourism

The physical effects of climate change will be diverse and affect tourism regions and sectors in different ways. Some of the main effects are likely to be:

- Impacts on biodiversity, landscapes and major ecological sites affecting the quality and availability of natural attractions (such as the amount and quality of snow cover in the Victorian alpine areas)
- Increases in sea levels could affect the quality of beaches and tourist services in coastal areas
- Temperature changes could affect the productivity of some of Victoria's wine growing regions and have flow-on effects for tourism activity dependent on these areas
- The impact of climate change on ocean temperatures and fisheries could affect fish stocks and tourism activities based on recreational fishing
- More prevalent bush fire conditions due to warmer temperatures, changing rainfall patterns and more frequent heatwaves
- The effects of climate change such as heatwaves and extreme weather events on infrastructure could affect the cost of tourism infrastructure assets and operations, including accommodation and buildings.

What you can do in your small business

Consider if climate change will affect your business and identify responses that make sense for your business like product diversification, alternative market opportunities such as adventure sport or slow-food tourism markets.

When you choose to upgrade or retrofit buildings consider installing more energy and water efficient appliances and whether you should take measures to reduce impacts from severe weather events and increased summer temperatures. Consider the need to adapt procedures for staff during extreme weather events, and the need to update emergency management plans.

Changing consumer preferences and new business opportunities

Climate change presents both opportunities and challenges for tourism-based SMEs.

A greater public focus on environmental issues is likely to drive consumer preferences towards more sustainable tourism products. Opportunities may exist for you to respond by providing innovative products and marketing your environmental credentials.



Victoria's alpine areas

Climate change may affect rainfall, snowfall and temperature in Victoria's alpine areas which could result in shorter, drier winters with decreased snow coverage and depth, and shorter snow seasons.

This could have direct and flow-on effects for a range of SMEs, including accommodation providers, tour operators, cafés and restaurants, both within alpine resort areas and in nearby towns.

While some adaptation responses are possible, such as increased artificial snow making, this will increase energy demand and costs for operators. These costs will also be exacerbated by higher energy prices. Other adaptation responses include diversifying tourism business offerings, particularly outside winter months.

Higher energy costs, a reduction in the quality of snow conditions and increased competition from New Zealand may affect the viability of some tourism operators and resorts, particularly those at lower elevations. Sports like mountain biking or adventure activities may provide alternative revenue sources.

The perceived environmental impact of air transport can be a factor in people's choices about where they take their holidays. This could affect on both international and domestic tourism and, in particular, long distance travel but it may also present opportunities if domestic consumers choose to holiday closer to home.

Increased awareness of environmental issues could influence views about the impact of tourism on sensitive ecological sites, some of which will be put under increased strain as a result of climate change (such as endangered plant and animal species in sensitive regions). This could have an effect on the demand for nature based tourism but may also present opportunities for tourism businesses to provide and market 'eco-friendly' holidays and activities in these areas.

Improving your environmental credentials

There are a number of ways you can improve your environmental credentials, for example:

- obtaining a green accreditation for your business or your product or service
- improving the energy efficiency of your buildings
- purchasing accredited GreenPower from your electricity retailer, and marketing this choice to your customers and clients
- installing decentralised (on site or near-site) small-scale renewable generation. This can be incorporated into a green building strategy and count towards your accreditation.

There are likely to be dual benefits for implementing sustainable and more energy efficient practices. By becoming more energy efficient, you can market your commitment to environmental sustainability as well as offset rising energy bills.

You may also wish to investigate carbon offset products to support a carbon reduction or carbon neutral strategy and market this to customers. These claims must be credible and backed up by evidence to ensure you comply with Australian Competition and Consumer Commission (ACCC) regulations. The *Changing climates for large and small consumer markets* fact sheet provides further details about carbon neutrality, carbon offsets and your responsibilities.



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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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 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