

small business and climate change impacts and opportunities for accommodation providers



Impacts on small to medium-sized businesses

- the emissions trading scheme will increase the cost of energy, waste disposal, and other inputs that are emissions-intensive to produce
- 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.
- energy efficiency standards for new buildings are also likely to increase.

What you can do

- reduce costs by reducing your use of energy and water and the creation of waste. You can do this by:
 - improving the energy efficiency of your lighting, heating and air-conditioning systems
 - 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.

Fact sheets in this series

General climate change information:

- business impacts of climate change policies
- adapting to climate change impacts
- climate change and consumer preferences.

Sector-specific climate change information:

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



Climate change impacts

Small to medium-sized accommodation businesses will be impacted mainly by climate change policies (adjustment issues) and changing consumer preferences. The physical effects of climate change (adaptation issues) will also have some flow-on effects to accommodation businesses.

Impacts on small to medium-sized accommodation businesses are closely linked to tourism. Specific impacts on the tourism industry are addressed in the Tourism fact sheet in this series.

Adjusting to climate change policies

Key climate change policies with implications for small to medium-sized accommodation businesses include the proposed emissions trading scheme (ETS) and energy efficiency standards for buildings, products and appliances.

Emissions trading

As a small to medium-sized accommodation business you will not be covered under the ETS. This means that your business will not be required to buy or surrender emissions permits.

The ETS 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 in prices. For accommodation businesses, these inputs are likely to include:

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

Impacts on food prices

Agricultural production, such as beef cattle, dairy cattle, sheep, pigs, poultry and sugar cane are all among the top twenty Australian industries in terms of emissions intensity. However, agriculture will not initially be covered by the ETS, so agricultural producers will not have to buy permits (this will be reconsidered in 2013). Agriculture will still be impacted by the price effects of the ETS – particularly increased fuel, electricity and fertiliser costs.

The physical effects of climate change will also have impacts on the agricultural sector. Lower levels of rainfall, water allocations and water security issues will increase production costs and may challenge the viability of some industries or individual businesses.

These impacts are likely to lead to increased food and beverages prices for accommodation businesses.

Energy efficiency standards for appliances and equipment

The Commonwealth 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 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.

Reducing energy use and improving energy efficiency is a simple way to minimise the impact of the ETS on your business.

Some simple actions that can be taken to reduce your energy use and minimise the impact of increased energy costs from the ETS 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 a low as possible. An increase of one degree Celsius in cooling temperature or a decrease of one degree Celsius 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, and installing energy efficient lighting
- ensuring refrigerator door seals are effective and placing refrigerators in well ventilated areas
- turning off computer and television monitors when not in use. Replacing traditional monitors with LCD screens can significantly reduce energy consumption.

Energy efficiency standards for buildings

The Commonwealth Government has also proposed to increase the stringency of energy efficiency standards in the Building Code of Australia (beginning with the 2010 Building Code). The standards apply to a range of building materials including fabrics, sealing, water and space heating, ventilation and air conditioning.

These standards apply both for new buildings as well as major refurbishments, extensions and alterations.

Complying with the new building standards will increase some costs for small to medium-sized accommodation businesses. However, construction costs do not necessarily



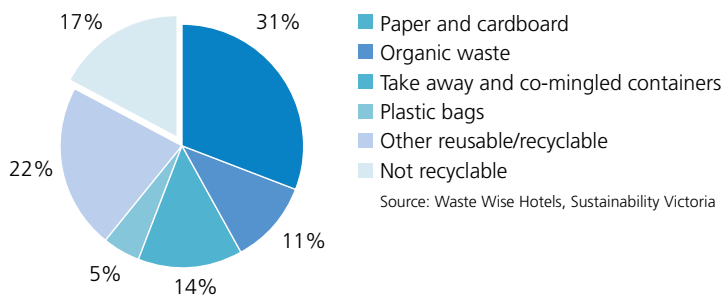
need to increase substantially to improve energy efficiency in buildings. While some materials may be more expensive (such as advanced roofing coatings and window films), there are also a range of passive design features for improving energy efficiency, including, site orientation, natural ventilation and insulation and appropriately positioned and sized windows.

Reducing waste

Solid waste releases greenhouse gas emissions as it decomposes. Large landfill sites will be covered by the ETS, resulting in increased costs for waste management. These cost increases at the landfill site are likely to be passed on to the producers of waste (i.e. any collection point) in the form of increased waste disposal charges.

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

Hotel waste composition



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). Research on waste composition of Melbourne hotels has shown that most of the items sent to landfill can be recycled.¹ 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

Adapting to climate change

The physical effects of climate change will be diverse. It is important that your investment decisions take into consideration the potential impacts 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 impact the comfort of guests.

The effects of climate change on the availability and cost of water will impact on large water users. Accommodation businesses use large amounts of water for cooking, cleaning, laundering and, of course, for (and by) guests. 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 and shower fittings, shower timers, dual-flush toilets and waterless urinals.

Changing consumer preferences and new business opportunities

Climate change and changing consumer preferences present challenges and opportunities for small to medium-sized accommodation businesses.

A greater public focus on environmental issues is likely to drive consumer preferences towards more sustainable products and services. Accommodation services are closely linked to the tourism sector, where demand is shifting towards 'eco-friendly' products and services.² You can take advantage of these new business opportunities by:

- providing customers with information on the 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.

Accommodation businesses are also in a unique position to influence customers on energy and water use and waste efficiency. Taking action to improve efficiencies in these areas, and educating guests about actions they can take provides multiple benefits:

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

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

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

2. 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.

VECCI's business sustainability products and services for small to medium-sized businesses

Compass

Want to find information but not sure where to start or who to trust? Compass is a new online directory of carbon reduction solutions for Victorian businesses. The website lists carbon reducing resources, products and information including programs, fact sheets, videos, tools and much more. Users can download, rate, discuss and suggest new resources.

Launched in July 2009, it's the newest online community site dedicated to small business sustainability. Visit carbondown.com.au/compass

Grow Me The Money

Want to reduce your carbon footprint and save money? Grow Me The Money businesses save, on average, \$6,600, 28 tonnes of carbon and 3.8 MegaLitres of water. Join for one year, and Grow Me The Money will take your business – month by month – through the steps to reduce your carbon footprint, save money and report on your savings to customers, staff and the community.

Join Grow Me The Money today at growmethemoney.com.au or by calling VECCI on 03 8662 5333. Prices start from \$49.

Environment and Sustainability Workshops, Training Courses and Briefings

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 metro and regional Victoria, prices start from just \$44. The following programs are currently available:

Introduction to Green Purchasing: invest in 'green', without the price tag.

Who should attend? All businesses interested in reducing their environmental impact and saving money.

Resource Efficiency Training: make your business accountable – make sustainability your goal.

Who should attend? Small and medium-sized businesses interested in more efficient resource use and saving money.

Carbon 101: cutting through the carbon jargon.

Who should attend? All small and medium business representatives interested in climate change or concerned about current and future government environmental regulations.

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



These fact sheets were proudly developed by VECCI's Centre for Innovation and Sustainability Excellence.

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