



# Climate Change Risk Management Tool For Small Businesses In Queensland





Climate change and extreme events affect all Australians. Globally much is being done to reduce carbon emissions and limit the extent and impact of climate change, but the need to adapt remains. Increasingly the finance and insurance sectors are taking a greater interest in how businesses may be impacted by a changing climate, and in what they are doing to understand and reduce any associated risks to their operations, supply chains and staff.

There is clear recognition that small businesses do not have sufficient staff, resources and time to take a proactive approach in considering climate change, yet many are already exposed to extreme events.

Responding to this, the Chamber of Commerce and Industry Queensland (CCIQ) with the support of the Queensland Government and in consultation with Queensland businesses, developed a Small and Medium Enterprises Sector Adaptation Plan for Queensland. The Plan, developed under the Queensland Climate Adaptation Strategy, recommends a number of steps including the development of resources to support SMEs starting their adaptation journey. In response, the Queensland Government funded development of this Climate Change Risk Management Tool.

This tool contains information on climate change (what, where and how much). It is simple and quick to use, but also provides links to other resources that can be accessed and used as required. By taking these first steps in determining risks faced from extreme events and a changing climate, businesses will be better able to address their risks by updating business continuity plans or developing them from scratch. A corresponding resource for households has also been developed.

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## This tool contains:

- a rapid risk screening checklist ([page 9](#))
- a detailed risk management checklist ([page 11](#))
- a worked example illustrating the use of the detailed risk management checklist ([page 47](#))
- an information booklet for more information and supporting resources for climate change risk assessment ([page 29](#)).

It is recommended that you familiarise yourself with the contents of the booklet before you start using the checklists.

## Frequently Asked Questions

### How long will it take to complete this tool?

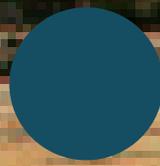
It depends on your prior knowledge about the problem, but typically the rapid risk screening can be done within 30 minutes and detailed risk management checklist can be completed within 1-2 hours.

### What is the cost of using this tool?

This tool is free to use, however you have to bear your own cost to implement any identified action.

### Who can assist me if I need help?

There is enough information in the information booklet to get you started. However, if you think your risk is higher, you should consider getting some expert advice from a consultant.



## Where to start?



### I want some background information about climate change risks to businesses.

- **Why should I consider climate change risks to my business?**  
Go to [page 5](#)
- **What is the benefit for me and my business if I adapt?**  
Go to [page 6](#)
- **What is climate change and sea-level rise?**  
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- **What does the future climate look like in Queensland?**  
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- **What are some of the impacts of climate change on small business?**  
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- **What options do I have for managing my future risks?**  
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### I want to do a rapid climate change risk screening of my business

Go to [page 9](#)



### I want to do a risk assessment and develop an action plan for my business

Go to [page 11](#)



### I want to see a worked example of how to use these checklists.

Go to [page 47](#)

# Why should I consider climate change risks to my business?

## Weather already affects business

Extreme weather continues to disrupt many Queensland businesses. Recent events include Cyclone Debbie (2016), Cyclone Yasi (2011), and flooding throughout the state in 2011. Extreme events can cause significant damage to property and infrastructure, impacting local communities and businesses and industries. For example from November 2010 to March 2011, 99% of Queensland was declared a natural disaster zone.

A survey of businesses conducted by the Chamber of Commerce and Industry Queensland in 2011 found that although the majority of businesses recovered within six months, many continued to experience abnormal business and economic conditions. A return to business-as-usual was impeded by:

- loss of customers who had been impacted by the floods
- changes to demand from customers
- rebuilding and insurance delays
- lack of available financing.

Recovery in many businesses was assisted by the presence of risk management practices which helped get reduction in insurance premiums, reduce damage costs, increase revenue by strategically selecting warehouse locations to avoid hazards, etc.

Apart from major natural disasters, many businesses have experienced the more subtle effects of weather on productivity or sales, including those from small storms and rising average temperatures. This suggests that businesses are not well adapted to the current climate. Building resilience now will help protect businesses and jobs, reduce the costs of disruption and maximise any opportunities arising from future weather and climate changes.

## Financial and legal motivations

Climate risk is increasingly being viewed as an important consideration by the many corporate regulators in Australia and abroad. Even credit rating companies such as Moody's are beginning to assess the risks associated with climate, and the ways in which these risks are being addressed.

The finance sector is being strongly influenced and "motivated" to act on climate change through mechanisms such as the Taskforce on Climate Related Financial Disclosures, and signals from the Australian Prudential Regulation Authority (APRA). As a result, it is possible to reduce or restrict lending to organisations which have a potential climate risk and which have not put mechanisms in place to understand and reduce that risk.

A recent memorandum of opinion prepared for the Centre for Policy Development and the Future Business Council (Hutley QC *et al.* 2016) indicated that Australian company directors could be considered liable if their 'boards' have not considered and acted on climate risk, where any losses are incurred.

These findings emphasise the importance of considering climate risk, and determining, at a minimum, how climate change affects a business's risk profile, risk appetite and whether actions should be taken to manage some of those risks.

# What is the benefit for me and my business if I adapt?

Like any other issue facing your business, it is important to understand how extreme weather and climate change impacts could affect you. Planning ahead rather than responding reactively will help you with the following.

## 1. Cost saving

Make more informed investment decisions by understanding how current and future climate risks will impact your business's operational performance. This will allow you to manage or lower costs in the long-term. It can also potentially help reduce insurance costs and borrowing costs into the future.

## 2. Business continuity

Address your business's exposure to climate risks and you will give your business a better chance to continue to operate and meet customer demands, while minimising the degree and duration of any extreme weather related disruption.

## 3. Competitive advantage

Identify possible business opportunities such as developing new products or services, finding ways to reduce costs, or more effectively managing climate risks.

## 4. Reputational benefits

Demonstrate to your customers and shareholders that the impacts of climate change are being managed. This will increase investor confidence and boost your business's reputation.

