This sector adaptation plan was developed in partnership with the small and medium enterprise sector, supported by the Queensland Government. Sector adaptation plans are important components of the Queensland Climate Adaptation Strategy, facilitating industry-led responses to the challenges presented by climate change.


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Cover photos from top left, clockwise: Process Systems at Tinglepa, Brisbane (see case study in section 4); Food Connect at Brisbane—an ethical food business established by a dairy farmer who, after losing his farm, decided to work towards a fairer food system for farmers and buyers. Food Connect played a role in Brisbane during the 2010–2011 Queensland floods as a food donation depot and meal preparation centre; (inner square) Green Island Resort in Far North Queensland (see case study in section 4); Carmel Murdoch as Mary Poppins and Cecile Espigole, Owner–Operator, The Eco Queensland Holiday Home at Maryborough—the Mary Poppins Festival is an annual local event (see case study in section 4); Espresso Train Café and Catering—run by Nundah Community Enterprises Cooperative, which creates sustainable employment and training opportunities for people with cognitive and/or psycho-social disabilities. NCEC were named Australia’s best social enterprise is 2015.

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Message from Queensland’s Small Business Champion

As Queensland’s inaugural Small Business Champion, I give a voice to the challenges and needs of the state’s small businesses and ensure they are brought to the forefront of government policy and decision-making.

Queensland’s small and medium enterprise (SME) sector is the state’s largest employer and more than 438,000 small businesses contribute around $113 billion per year to our gross state product (2016-17). SMEs play a significant role within Queensland’s socioeconomic systems: they generate revenue for the state via the taxes they pay, they provide employment and the goods and services we need, and are deeply woven into the social fabric of the communities and regions they serve. SMEs play a vital role in the cultural identity of, and placemaking for, the state’s communities.

As someone with personal experience starting and operating a small business, I am proud to advocate for the vibrant Queensland small business community to ensure it has the best chance to start, grow and employ.

To that end, I am pleased to commend this Small and Medium Enterprise Sector Adaptation Plan (the plan) for Queensland.

The goal of this plan is to support SMEs to better manage climate risk as well as to understand related opportunities.

Climate change is already resulting in adverse business outcomes for Queensland’s SMEs including business interruptions, increased investment and insurance costs, and declines in financial indicators such as measures of value, return and growth. After natural disasters, SMEs face greater short-term losses than larger enterprises, and may have less capacity to adapt and survive for various reasons.

Fortunately, despite the trend of record-breaking climatic conditions and devastating climatic events in Queensland, the state’s small business sector is continuing to thrive after recently recording a fifth year of trend growth according to the latest Australian Bureau of Statistics data (2017-18). Small businesses now make up 97.7 per cent of the state’s businesses.

It is vital that the SME sector be supported in continuing to go from strength to strength well into the future. The plan is designed to do just that.

Its development was led by the Chamber of Commerce and Industry Queensland with financial support from the Queensland Government’s Department of Environment and Science to prioritise climate risk in industry discussion.

Through its collaborative development process, the plan aims to bring the diverse SME sector a step closer to better managing climate risk.

Ideally, the plan will allow SMEs to take advantage of business opportunities at a state, national and international level, as we adapt to inevitable climate change while transitioning to a zero-net emissions economy.

Maree Adshead
Queensland Small Business Champion
1. Executive summary

Queensland’s business community is increasingly analysing the risks, opportunities and financial implications of climate change and integrating them into long-term business plans.

Recently, the financial repercussions of trends towards more frequent and intense extreme weather have significantly impacted the Queensland economy by affecting both the supply and demand for the products and services of most industries.

After the catastrophic bushfires and floods of the summer of 2018–2019, the Queensland Government reported an estimated impact to the state budget of at least $1.5 billion.

During that summer, Australia endured its hottest temperatures on record. Queensland’s rainfall was record high in some areas of the state while others had their driest summer. Extremely heavy rainfall and flooding were experienced in northern Queensland while more than 140 bushfires burned across eastern Queensland, in an area spanning more than one million hectares.

The Small and Medium Enterprise Sector Adaptation Plan (the Plan) seeks to lay the foundations for collaborative problem solving and action across Queensland’s SME sector to reduce negative impacts, and capture opportunities for the sector to thrive, under climate change.

The Plan was developed under the Queensland Climate Adaptation Strategy (Q-CAS). Q-CAS, together with the Queensland Climate Transition Strategy (QCTS), provides a framework to support the vision of an innovative and resilient Queensland that manages the risks and harnesses the opportunities of a changing climate.

Under Q-CAS, eight sectors have worked or are working with the Queensland Government to develop sector adaptation plans (SAPs) that describe both pathways to improved resilience for their sector and priority activities for them to better manage risks and harness opportunities under a changing climate.

CCIQ led the development of the Plan, in collaboration with the sector. The Plan will be the seventh sector adaptation plan launched in Queensland.

1.1 How the sector understands climate adaptation

Many SMEs across Queensland already suffer cash flow problems due to weather events and conditions whose overall impacts on Queenslanders are expected to worsen under climate change. And for Queensland entrepreneurs planning to start a new business, projections for future climate might well be a key consideration for them as they begin their planning.

SMEs can also play key roles in the resilience activities of their neighbourhoods and local communities. Indeed, many SMEs are focal points for their localities through the strength of their relationships with their local customer base and suppliers. For some SMEs, providing products or services that directly or indirectly support the resilience of their stakeholders— their customers, employees and/or suppliers—forms a core part of their business, at least in practice.

Some businesses opt to actively enhance community resilience by relaying preparedness information to their stakeholders, on top of their core business role. This also acts to cement their place in the communities in which they operate. For other SMEs, climate change is an
opportunity to maximise business revenue at the same time as enhancing benefits for their wider communities and the environment.

Despite these examples of the relevance of climate change for SMEs, grasping how Queensland’s almost half a million diverse businesses in this sector understand climate change proved challenging when developing the Plan.

However, when the matter of climate change was presented in a contextualised way to businesses in a face-to-face setting, most SMEs consulted quite easily identified examples of both risks and opportunities that climate change presents for their business.

Many of these businesses, however, were less clear as to what climate adaptation action, and profitable climate change action more broadly, might look like for them. One challenge identified then was to understand how Queensland’s SMEs could best take action to both defend their business bottom line and ideally improve it under a changing climate.

The Plan focuses on the ways in which SMEs can incorporate climate change adaptation and planning into the core planning that they already undertake for their current or new business.

1.2 How the Plan was developed

The Queensland Government’s Department of Environment and Science (DES) contracted CCIQ to engage Queensland’s SME sector in Queensland to develop a sector adaptation plan for SMEs. The Plan is the result of that development process.

The Plan reflects input from the SMEs—through their participation in the engagement activities conducted by CCIQ. At the Plan’s inception, CCIQ established a steering committee with DES; the Department of Employment, Small Business and Training; and CCIQ’s ecoBiz program delivery team.

Cross-sectoral input to the Plan, as for the other seven SAPs, was provided by the Queensland Council of Social Service (QCOSS) and Natural Resource Management Regions Queensland (NRMRQ), ensuring the issues of social vulnerability and environmental sustainability were recognised in the Plan.

Stakeholder engagement included the following activities designed and conducted by CCIQ:

- A survey on climate-related risk management in CCIQ Suncorp Pulse Survey of Business Conditions, June quarter of 2018 (the largest survey of Queensland’s SMEs which provides a quarterly snapshot of business sentiment).
- A workshop in Cairns on 13 November 2018 with local SMEs.
- A workshop in Brisbane on 14 November 2018 with local SMEs.
- A pre-workshop survey for SMEs who registered for the above two workshops.

1.3 The Plan’s actions and action areas

The Plan proposes 18 actions across seven action areas.

1. Action area 1: Workplace Health and Safety
SMEs account for more than 97.7 per cent of all Queensland businesses and at June 2017 were responsible for the health and safety of around 1.42 million workers. Many SMEs report lacking a clear sense of their Workplace Health and Safety (WHS) obligations with respect to extreme weather events. With climate risk growing under Queensland’s changing climate conditions, employers and employees are eager for support to manage climate-related WHS issues, especially those related to heat stress. Due to the varying levels of climate exposure applying to different business operations and the varying levels of climate sensitivity and adaptive capacity applying to employees, some workers are more vulnerable to climate-related impacts at work than others. Workplace laws are very unclear on the issue of heat stress, and there is not a code of practice in Queensland to deal with the specific issue.
Actions under this action area are:

**Action 1.** Clarify, and support the SME sector’s understanding of, climate-related WHS roles and responsibilities of employers and employees, especially in relation to heat stress.

**Action 2.** Support the SME sector to comply with climate-related WHS roles and responsibilities, and to reduce the vulnerability of SME workers to climate-related WHS impacts.

2. **Action area 2: Insurability**

The probability of extreme weather events is increasing due to climate change. In the absence of adaptation, it is inevitable that insurance premiums will rise. On top of this, not all hazards are covered by commercial insurance. Hazards such as bushfires, riverine flooding and storm damage are generally covered, but events such as coastal inundation, erosion, landslip and subsidence are all generally excluded, which means people and business are effectively self-insured against these hazards (or insured by the taxpayer). The issue of an insurability gap has become an urgent concern for SMEs, particularly for businesses in areas of Queensland highly prone to extreme weather conditions and events. Many businesses report struggling to become or remain insured due to rising premiums linked to worsening trends and projections for climate change.

Actions under this action area are:

**Action 3.** Seek to better understand existing and growing hot spots in terms of locations and industries in Queensland where SMEs are struggling or likely in the future to struggle to become or remain insured due to climate-related rises in insurance premiums.

**Action 4.** Support the collaborative development of solutions to address the insurability gap for SMEs, prioritising existing and growing hot spots across Queensland’s SME sector.

**Action 5.** Support the SME sector, including new businesses, by providing clear and tailored information about the current and projected climate-related risks that businesses face and by supporting businesses to identify and take the best approach available to them to manage climate risk and take advantage of related opportunities.

3. **Action area 3: Supporting businesses to support each other**

A core source of information for small businesses is simply talking with their peers. Sharing experiences and advice with other businesses often outweighs the use of online search engines or government websites. Queensland SMEs have indicated a strong desire for platforms that will support them to access and discuss industry-specific and expert knowledge, and to collaborate with other businesses on climate-related risks and opportunities.

Actions under this action area are:

**Action 6.** Identify existing knowledge-sharing and collaboration platforms, and explore the value of establishing new platforms, to support Queensland’s SMEs in managing their climate risk and seeking out climate-related opportunities.

**Action 7.** Identify and support opportunities for peer-to-peer (e.g. mentoring) programs that support businesses to support each other in establishing and running SMEs that can and do thrive under climate change.

**Action 8.** Promote reform of how Queensland’s SME community engages with the topic of climate change, so that its significance for them is understood and discussed.

4. **Action area 4: Document management systems**

As extreme weather events—such as, flooding and bushfires—increase in frequency and severity, paper-based business document management systems represent an increasingly weak point in the climate resilience of a small business. Measures such as transitioning to digital document management systems can greatly improve a business’s resilience to climate change. Many small businesses need guidance to use appropriate digital document management software.
Actions under this action area are:

**Action 9.** Take steps to understand the barriers preventing SMEs from digitising their paper-based business document management systems.

**Action 10.** Support SMEs to digitise their document management systems by addressing the precise barriers they face, including by supporting multi-format guidance materials, webinars and face-to-face support.

5. **Action area 5: Using Queensland’s regional climate projections**

The SME sector is largely unaware of what the latest science says about projected future climate for Queensland’s regions, let alone the possible impacts of these changed climatic conditions on starting or operating their business. Some businesses consulted indicated feeling overwhelmed by climate science information, while others said they were put off by its complexity or lack of consistency. Overall, businesses felt ill-equipped to understand climate risk, and therefore, to take steps to effectively manage the climate risks facing their business. Businesses had similar feelings about how to profitably transition their business to reduce the carbon emissions that contribute to climate change.

Actions under this action area are:

**Action 11.** Collaboratively develop and deliver resources, education and training to equip SMEs—at all stages of the business lifecycle—with a knowledge and understanding of climate projections that helps them to identify and understand climate risk in their business planning and operations.

**Action 12.** Collaboratively develop and make accessible climate change risk management tools that are tailored to support the SME sector to identify and take steps to manage climate risk, including by helping businesses to visualise and manage risk across their supply chains.

**Action 13.** Facilitate the consideration and analysis by SMEs—at all stages of the business lifecycle—of new business opportunities that future climate projections might engender for them. This would ideally occur alongside a facilitated consideration by SMEs of how global megatrends (e.g. the zero net emissions transition, circular economy models, and the increasing focus on resilience) might be leveraged by SMEs as business opportunities (this is addressed at Action 17, whose focus is transition-related climate risk, and which is the counterpart to Action 13).

6. **Action area 6: One-on-one business support**

Queensland’s SMEs cite electricity costs as a primary concern, with this exacerbated by increasingly hot conditions under climate change. Responding to this, and other issues facing the SME sector, Queensland’s ecoBiz program, run by CCIQ and funded by DES, is helping businesses make substantial savings across their energy, water and waste bills. These savings are then able to be reinvested by businesses to improve their productivity, resilience and sustainability. One-on-one coaching is a key feature of the ecoBiz program which supports businesses to develop, implement and review action plans to reduce their costs by improving their operational efficiencies in ways that also reduce their environmental impact. Alongside environmental efficiency improvements, ecoBiz improves the resilience of businesses and reduces their carbon emissions.

Actions under this action area are:

**Action 14.** Continue to promote the ecoBiz program across the SME sector as an effective way for businesses to both reduce their costs and achieve gains in their ecological sustainability.

**Action 15.** Explore the merit of expanding the ecoBiz program to include tailored support for businesses to specifically improve their climate resilience—by identifying, understanding and managing physical climate risk, and ideally also transition-related climate risk.

**Action 16.** Consider how best to support new SMEs to include climate-related risk and opportunity considerations at the earliest stage of their business lifecycle to optimise outcomes.
7. **Action area 7: Business development**

Several businesses across the SME sector have identified green or ethical branding as a business opportunity linked to climate change action. They identified business opportunities arising from growing public concern about pollution levels, decreasing community resilience, and environmental degradation. The global responses to these concerns include actions such as working towards zero net emissions and developing circular economy models, and building the resilience of local communities and environments. The circular economy model refers to a circular way of thinking in respect to managing waste, resources and materials. Instead of an approach characterized as ‘take, make and dispose’, a circular economy reuses and recycles waste, resources and materials. Through the circular approach, new business opportunities can arise for SMEs alongside opportunities to re-brand themselves. Businesses that align with such trends will be increasingly better positioned to harness new opportunities and manage the risks of a changing climate.

Actions under this action area are:

- **Action 17.** Support SMEs to identify, understand and leverage business opportunities available to them that support the reduction of the transition-related climate risk of their customers. This might include support for SMEs to harness opportunities related to growing global focuses on circular economy models, zero net emissions, and resilient communities (Action 13, whose focus is physical climate risk, is the counterpart to Action 17).
- **Action 18.** Support SMEs to understand the social enterprise model of business and the related business opportunities, and where appropriate to apply this model to their own operations whether directly or indirectly through support for social enterprises in their supply chains.

1.5 Next steps for the sector

On a practical level, the next steps for the Plan are to address the 18 actions. The actions are further explained in Section 5 of the Plan, along with guidance for their implementation and notes relating to stakeholders and economic sectors.

DES has been working with the members of the Steering Committee that was set up to develop this Plan, and with the National Climate Change Adaptation Research Facility (NCCARF), to produce a tool to support SMEs to better manage their climate-related risk. This represents an immediate response to Action 12 of the Plan. Further work to understand how to best assist SMEs to put the tool to use is progressing as a matter of priority.

Work to make the ‘Queensland Future Climate Dashboard’ state-of-the-art, dynamically-downscaled projections of Queensland’s climate (in 2030, 2050, 2070 and 2090) more accessible and user friendly for Queensland’s diverse SMEs is another priority action under this Plan (Action 11).

Action area 6 (one-on-one business support) is also considered by the SME sector as a high priority for action, particularly Action 15 in terms of support for businesses to improve their climate resilience by using the ecoBiz program’s star-rating system.

More broadly, this Plan sees the continued dialogue and collaboration across the sector which will flow from this Plan’s release as a key means by which the sector’s priorities under the Plan, should be set out and then successfully acted on.

Development and publication of this Plan is simply the first step.