

Impact of Climate Change on Your Business

Climate Change will have a dramatic impact on the operation of tourism businesses across the globe. These impacts may be related to the natural environment in which they are located, staff recruitment, operating costs, or one of many other elements of an operation. The UNWTO¹ provides the following future tourism trends to provide a glimpse of things to come in a carbon constrained economy:

- Slowing GDP, linked to increasing costs of production, will impact on discretionary spending (including travel);
- Areas visited will be affected as temperature changes impact on suitability and the ecosystems of key destinations;
- Activities in key destinations (e.g. ski fields, golf resorts) may also be affected due to a changing natural environment; and
- Modes of transport may change in an effort to reduce carbon pollution until technologies improve to reduce the carbon per kilometre travelled.

Operators need to plan for a range of possible scenarios and fully understand the climate change impacts on supply chains, business operations and customers. It is recommended that a 'risk management' approach is adopted.

Risk Management

Risk management involves taking a proactive approach to identifying possible risks, weighing up the costs and benefits of different actions and developing a range of adaptation and responses.

A risk management approach is required by tourism businesses to enable the possible risks to be understood, costs and benefits weighed up and the development of a range of adaptation responses.

Included below is a list of questions operators can use to assess the climate change risks for their business.

Questions to identify climate change risks for your business

WHAT questions:

- What are the implications of climate change for tourism in my destination and attitudes of my visitors?
- What things do I rely on to operate my business?

WHO questions:

- Who are my most important customers & suppliers?
- Who can assist me?

HOW questions:

- How can I operate in the absence of key resources, people and facilities?
- How can I continue to operate long term?
- How will my customers react on climate change impacts?

Source Australian Government, *Business Planning Workbook*

Refer to the Department of Tourism, Regional Development and Industry's [Business Continuity Planning](#) website which provides guidance on developing a Business Continuity Plan. The Plan uses the Prevention, Preparedness, Response, Recovery model to assist you to build resilience in your business and minimise disruption should a crisis occur. This action plan can assist you to minimise the impacts of Climate Change on your business.

How Your Business Can Respond

As a tourism business, it is important that you take a proactive response to Climate Change and respond to the changes brought upon by Climate Change. Outlined below are key steps in responding and adapting to Climate Change:

1. Set a clear proactive **Sustainability Policy** and management guidelines and include them in your business plan (refer to the Sustainability Policy factsheet for assistance); and,
2. Assess the **potential impacts** of climate change on your business, customers, suppliers and staff;
3. Measure your **carbon footprint** to understand your obligations under the new national regulations (refer to the Regulatory Requirements factsheet for more information);
4. Take steps to **reduce** your greenhouse gas emissions and reduce the negative effects of climate change through 'adaptive management' (refer to the water, waste and energy factsheets for some hints) and help staff **adapt** to changes through education, communication & training;
5. **Educate** visitors on the changes brought about by Climate Change and the steps your business is taking to respond.

Adaptive management suggests that once risks have been identified in your business, the next step is to prioritise the risk according to those that must be acted upon immediately; and those which can be acted upon later. When the risks are prioritised adaptation strategies can be developed.

Figure 1: Adaptation strategies

- **Tolerate the loss** – Do nothing to reduce vulnerability and absorb losses.
- **Share the loss** – Do not reduce vulnerability, but rather spread the burden of losses among a wider community or different systems.
- **Prevent effects** – Adopt measures to reduce vulnerability to climate change.
- **Modify the threat** – Control the environmental threat itself. The major modification possible is to slow the rate of climate change (mitigation).
- **Change the activity** – Stop activities that are not sustainable under the changed climate, and substitute with other activities.
- **Change the location** – Move the activity or system.
- **Improve understanding** – Use research and education to better understand the climate risk

Source: Queensland Tourism Industry Council