

Towards net-zero in South Australian business



Business SA
Chamber of Commerce
and Industry South Australia

WilliamBuck
ACCOUNTANTS & ADVISORS

What is the goal?

According to The Climate Council 'net zero emissions' refers to achieving an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere.' Climate change refers to the changes caused by an imbalance of greenhouse gas emissions in the atmosphere.

This report uses 'climate change' and 'net-zero emissions' interchangeably ('net zero' being the more contemporary term). All sustainability action refers to resource efficiency.

What is driving the push?

- ★ Shifting consumer sentiment
- ★ Shifting voter sentiment
- ★ Shifting investor sentiments
- ★ Business drivers and risks





South Australia has bi-partisan support for climate change

In South Australia, the business community has benefited from bi-lateral support for climate action under the *Climate Change and Greenhouse Emissions Reduction Act (2007)*. Successive state governments have understood and acted upon the threat of climate change by implementing policies to incentivised the uptake of renewable energy and the resulting downward trajectory of carbon emissions.

Our state has committed to net zero by 2050.

South Australians understand the economic benefits of clean, green growth. With the state's emissions having already reduced by 33% since 2005, our local economy has also grown and prospered. In just 15 years, South Australia has transformed its energy system from 1% renewable energy generation to around 60%. It is well on its way to achieving 100% net renewable energy generation by the early 2030s.

Fortunately, we have moved past the contention of the climate debate in South Australia and embraced the idea that climate leadership is coupled with economic leadership. Many examples demonstrate this leadership in existing and emerging industries, including hydrogen production, energy storage technologies, low emissions materials, carbon capture and low emissions agricultural practices.

Businesses now need information and options to reduce their carbon footprints without impacting their profitability.

From the Chamber of Commerce and Industry and William Buck, we see that most enterprises want to get on with their business in an era where government, banks, investors, and customers are increasingly looking at what they are doing to reduce their carbon footprint.



Jamie McKeough
Managing Director,
William Buck



Andrew Kay
Chief Executive Officer,
Business SA

What do we know in 2022?

C-suite

executives worldwide recognise the **need for business to take climate action.**

One-fifth

of companies are actually taking **decisive steps on sustainability.**

Simultaneously, they are

struggling to meaningfully transform their companies.

As part of Business SA's growing role in supporting South Australian businesses achieve net-zero, in 2022 we asked our members a range of questions in the Business SA William Buck Survey of Business Expectations.

This knowledge builds on the 2018 baseline we established in our publication (*Climate change, an SME view*), moving away from time-specific questions around the Paris Agreement and National Energy Guarantee and into more of a practical understanding of what businesses need to be able to make net-zero commitments.

Contained within the latest report from the Intergovernmental Panel on Climate Change was the resounding message that "business as usual" is not an option. However, reducing our emissions no longer needs to be at the expense of our competitiveness.

What do South Australian businesses think about sustainability and climate change?

63%

introduced new or additional measures to reduce environmental impact.

72%

Make this a priority.

What have businesses done?

Recycling

90.3%

Waste reduction

69.9%

Energy efficiency

60.2%

Sustainable packaging

34.4%

Carbon offsetting

16.1%

Other activities included bulk ordering, installing solar panels, reviewing their lighting options, and sharing renewables with the local community.

Many businesses reported already making significant changes, including to waste management, energy and water use and paperless practices.

For those who did not take any action in the last 12 months, cost was a prohibitive factor. With costs increasing across the board as a result of COVID-19 related supply chain issues, business conditions were challenging enough for some operators.

In 2018, we asked about the importance of all sides of politics agreeing on sensible policy to reduce carbon emissions at minimal cost? Three quarters of South Australian businesses thought it was either very important or extremely important for Australia to have a sensible carbon emissions reduction policy.

To reduce their impact environmental impact:



Businesses also started their journey by 'just going for it'. This included getting the correct bins, listening to staff suggestions, collaborated with their customers.

Motivations to reduce environmental impact:



Research from the UK suggests that policies to promote pro-environmental behaviour in SMEs continue to be dominated by restrictive narratives that focus on economic growth rather than personal environmental values (Hampton 2018).

This result from South Australian businesses supports the framing of climate action to reach personal values of protecting the environment.

Other motivations were centred around personal values, including businesses looking to meet their own staff, client or community expectations around reducing environmental impact.

Our members told us...



... we care about our children's future.

Brand reputation and consumers looking for more sustainable products.

Strong team engagement with environmental issues.

It is expected of responsible employers.



As with any significant global issue requiring transformation (environmental, industrial relations, taxation or trade, for example), there are diverse views. This is true with some of the comments received in our results. In a clear minority, these few comments questioned the need for a transition to net-zero.

In 2018,

61%

believe that customers expect businesses to do their part to reduce carbon emissions.

In 2022, those businesses investing to reduce their environmental footprint found that:

42%

Said that yes, it was costly.

Some businesses found grants to cover the costs for them, others found that packaging costs increased with the compostable options. New recycling options and upgrades to lighting were initial costs but these became minimal ongoing. It was recognised that this was a cost but also an offset.

44%

Said that no, it was not costly.

One business went so far as the relocate their business premises which resulted in higher annual rent expenses but estimate for new customers as a result of this forecast significant turnover increases in the coming 12-18 months.

Some businesses decided not to reduce their environmental impact:

45%

Have done all they can already.

40%

Negligible impact.

20%

Cost.

Knowing the investment required, **more than 70%** of businesses would do it all again.

Over **60%** of those being because it was a profitable investment.

Less than **5%** thought the investment was too much or not worth it at all.

Other reasons listed for not taking this journey include lack of time, not sure how, and a lack of space.

//

We are in survival mode and not able to take on anything additional.

//

Sometimes, businesses were prevented from taking any action due to lease/service arrangements, also the challenging conditions that businesses are currently experiencing due to COVID-19 have a significant impact on the ability of a business to make these sorts of investments.

//

It is not the time to do anything other than survive ... we would prefer zero environmental impact but not at the expense of zero continuation of business.

//

In closing this survey, businesses were asked if they would go about the process differently next time. There was a clear theme around capability emerging from the commentary, including building an in-house capability to undertake the changes or to bring a consultant in. Noting that in early questions, there was only a very minimal amount of businesses who did bring in a consultant. Strong themes of needing more information or doing more research were present as well as starting the journey earlier.

Before we go, it is helpful to unpack all this talk of 'net-zero by 2050'. With carbon being emitted into the atmosphere through energy, industry, buildings, transport, agriculture and other sources daily, net-zero refers to the overall balance between greenhouse gas emissions produced and greenhouse gas emissions removed from the atmosphere.

Given that the earth reacts to even small changes in greenhouse gas levels, achieving net-zero is the most effective means of placing the system back in balance. This way, global temperatures will stabilise, reducing the frequency of extreme weather events and their resulting impact on industry, infrastructure, communities and the natural environment.

Case study

Siblings bring a reduce, reuse, recycle mentality to the family business

Joyce Ceravalo has an enthusiasm for sustainable business that is increasingly the norm as millennials take over the business world. As the fourth generation to run the family business, Joyce and her brother Joseph bring a circular economy mentality to the operations and have implemented many improvements.

"When we returned to the farm after studying in Adelaide, Joseph and I saw many opportunities around the farm to be more efficient and sustainable. We've done a lot already because it makes good business sense and is what the planet needs.

"Solar panels supplement our energy supply, including on eight of our irrigation pumps and across our facilities. The solar on our wastewater treatment plant has cut our bill by a third.

"Water is such a precious resource, so we use netting to reduce our need to irrigate and protect the fruit from birds or severe weather events like hail.

"Upgrades to our wastewater system are bringing water back to better than irrigation standards. We recycle around 4,000,000 litres of water back onto our orchards and reduce our demand on bore water.

"Our soil is one of our most essential resources. We use the dry fertiliser from our wastewater treatment plant to restore the nutrients and salt balance.

"It is about seeing all your opportunities, like our cleaning chemicals are potassium-based now because they nurture plants, not kill them.

"For us, it is people, productivity, profit and planet – you need all four to be successful.

"We juice on-farm, which means reduced costs and a reduced carbon footprint. It's a win-win'.

"Our state-of-the-art camera system prevents fruit with blemishes from going to markets and households where they would end in the bin. We use them for juice before they have the chance to break down.

"We are net-zero waste already. Leftover solids from the press and waste-grade fruit are fed to our grandfather Ralph's cows and donated to other local farmers.

"We are focused on preserving the natural resources on our land for future generations, which is why it has been so important for us to close the loop."

Ashton Valley Fresh work with their customers, growers, universities, and the network they have built to learn from each other and build a better future.

Find out more by visiting

<https://ashtonvalleyfresh.com.au/>



Your
success
is our
business

Further useful information can be found at:

Hampton et al (2018) Transforming small and medium-sized enterprises to address the climate emergency: The case for values-based engagement. Corporate Social Responsibility and Environmental Management.

Intergovernmental Panel on Climate Change Sixth Assessment Report (2022): <https://www.ipcc.ch/assessment-report/ar6/>

South Australian Government Climate Action Plan – 2021-2025: <https://www.environment.sa.gov.au/topics/climate-change/climate-change-action-plan-2021-2025>

World Economic Forum – climate change: <https://www.weforum.org/topics/climate-change>

About Business SA

Business SA is SA's largest membership-based employer organisation, representing employers and business owners across 17 different industry sectors. Our purpose is to help you grow your enterprise and create a stronger South Australia.

Like you, we believe in the important roles that business and commerce play in creating a vibrant, dynamic and sustainable society.

We back the job makers and risk-takers.

We back the creators, the innovators and the entrepreneurs.

We back the people who chase their dreams, follow their passions and put it on the line.

We believe that businesses are the engine room of our economy. Businesses like yours generate new ideas, deliver new services and propel us forward. Businesses like yours create jobs, attract new investment and pay taxes. Businesses like yours put food on tables and create wealth for many.

As the independent, representative voice for employers and business owners across South Australia, we want to create the best possible environment for you to succeed. We do this by providing you with knowledge, advice, connection and advocacy. We have been doing this for over 180 years, without fear or favour.

We're proud of our long history, and our sustainability is assured by our future-focus, our strong leadership and our intent to stay ahead of the pack. To serve you better, we constantly seek to answer that enduring question: 'what's next?'

If you are not already a member, please call or email our membership team on (08) 8300 0000 or email customerservice@business-sa.com.



Business SA
Chamber of Commerce
and Industry South Australia

Level 1,
136 Greenhill Road
Unley SA 5061

T. (08) 8300 0000
customerservice@business-sa.com

business-sa.com

ABN 14 725 309 328
