

Environmental protection expenditure

Estimates of environmental protection expenditure should be regarded as approximate orders of magnitude only. Because of this qualification, the estimates shown fall outside the scope of National Statistics.

Comparisons with previous surveys

The information on spending by industries in 2003, which is summarised in Environmental protection expenditure in specified industries, 2003 comes from a regular series of surveys conducted by the URS Corporation on behalf of Defra. The estimates from this survey and the earlier surveys should be regarded as very approximate and any comparisons between the results should be treated with care.

Definition of expenditure

Environmental protection expenditure is defined as capital and operational expenditure incurred because of, and which can be directly related to, the pursuit of an environmental objective. Spending on installations and processes which are environmentally beneficial, but which also produce revenue (or savings) exceeding expenditures, is excluded on the grounds that it is likely to have been carried out for commercial not environmental reasons. Also excluded are expenditures on natural resource management (e.g. fisheries and water resources), on the prevention of natural hazards (e.g. flood defence), on the provision of access and amenities to National Parks etc and on the urban environment.

The spending has been classified by the following groups of environmental concerns:

- Protection of ambient air and climate
- Waste water management
- Waste management
- Protection of biodiversity and landscapes
- Other abatement activities such as on the protection of soil and groundwater, protection against radiation and noise and vibration abatement
- Other environmental expenditure (on research and development, education and administration).

The spending shown in Public sector environmental protection expenditure, 2003 - 2004 has also been classified by the following types of expenditure:

- Current costs, including staff costs (compensation of employees), other on-going expenditure on purchases of goods and services and the estimated consumption of fixed capital
- Capital expenditure or investment including outlays on land and on the additions of new durable goods to the stock of fixed assets for environmental protection
- Income from sales, fees and charges for the provision of current or capital goods and services, such as fees for waste removal, but excluding taxes
- Current and capital transfers to other sectors of the economy
- Net transfers to and from the Rest of the World, in the form of aid or other grants, net of grants received from the EU.

There are five main categories of spending in Environmental protection expenditure in specified industries, 2003:

- End-of-pipe-investment is defined as add-on installations and equipment which treats or controls emissions or reduces waste materials generated by the plant, but which does not affect production processes.
- Integrated processes are adaptations or changes to production processes in order to generate fewer emissions or waste materials.
- In-house operating expenses cover operating costs necessary to run end-of-pipe or integrated facilities.
- Current payments made to others include all payments to third parties for environmental services, including payments for the treatment or removal of solid waste, water service company charges for sewage treatment, payments to contractors for the removal or treatment of waste waters, and payments made to environmental regulatory authorities.
- Research and development expenditure includes both in-house research and development and amounts paid to others such as trade associations and consultants.

Sources

Environmental protection expenditure in specified industries gives figures for spending by the extraction, manufacturing, energy production and water supply industries. They are drawn from a survey for 2003 carried out on behalf of the Department for Environment, Food and Rural Affairs (Defra) by URS Corporation Ltd¹

Environmental protection expenditure by the public sector gives estimates for expenditures by the public sector and is based on information obtained from a variety of sources such as the Public Expenditure Database and from various government departments, local authorities and the devolved administrations.

Data for industry and public sector environmental protection expenditure should not be added together as differing classification procedures make comparisons problematic.

1. *URS Corporation LTD (2006)*. Environmental Protection by Industry: 2004 UK Survey
<http://www.defra.gov.uk/environment/statistics/envsurvey/expn2004/index.htm>