

### What is the UK Environmental Protection Expenditure Survey?

The purpose of the survey is to find out how much industry spends annually on protecting the environment. This includes capital costs; for example investing in equipment to clean up waste water produced during processing, or investing in "clean" technology which makes production cleaner by reducing pollutant emissions. In addition environmental protection spending includes operating costs, for example, the cost of running environmental protection facilities, paying contractors to get rid of waste and payments to water service companies for sewage treatment. We also want to find out whether there are any associated benefits from environmental protection spending, for example cost savings from using alternative materials.

It is an annual survey which is being carried out by URS Infrastructure & Environment Ltd on behalf of the Department for Environment Food and Rural Affairs (Defra). For 2011 a sample of around 1000 UK companies in the mining and quarrying, manufacturing, energy and water supply industries are being contacted.

### What is Environmental Protection Expenditure?

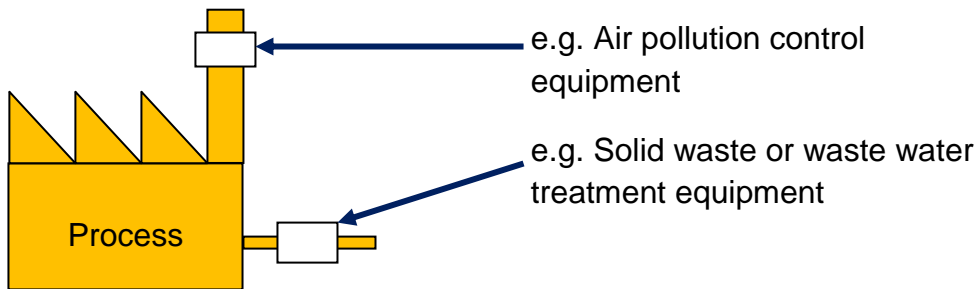
Environmental protection expenditure is defined as spending incurred by the company where the primary aim is to reduce environmental pollution caused during normal operations. It includes expenditure to reduce or prevent emissions to air or water, to dispose of waste materials, to protect soil and groundwater, to prevent noise and vibration or to protect the natural environment. This definition has been agreed by all EU countries so we can produce information on the same basis.

Environmental spending does not include spending on health and safety or any spending where the primary purpose is other than environmental protection. It does include:

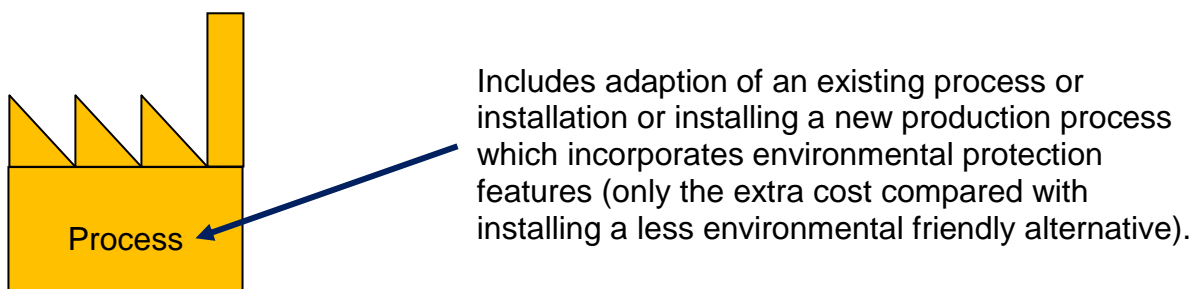
- The purchase price of capital goods (to be recorded in the year in which they are introduced), both "end of pipe" and "integrated" capital investments (see diagram which illustrates these types of spending);
- Operational (running) costs of the company's own environmental management or control activities;
- Payments to others for environmental protection services, for example for waste disposal, charges made by Water Service Companies for sewage treatment and general sewage charges.

## Types of Environmental Protection Capital Expenditure

### End of pipe – end of process capital expenditure



### Integrated – within process capital expenditure



## Why is the information being collected?

- To estimate the level of resources committed by UK industry to protect the environment so that we can assess the financial impact of environmental protection on businesses;
- To assess the effect of environmental protection spending on the UK's competitiveness relative to other countries - other countries may have less stringent environmental regulations and spend less as a proportion of gross domestic product (GDP);
- To assess the effect of environmental policies and regulations; for example to see if there is a shift to using within process or "clean" technologies to protect the environment during the production process, rather than end of process spending ("end of pipe");
- To assess the extent to which environmental protection spending generates positive benefits for companies to offset the spending, for example, by generating cost savings, or by providing income from by-products;
- The information on environmental spending is also required by EU Regulation on Structural Business Statistics (no. 58/97). The results of the survey will be used to meet the UK's legal reporting obligations to the EU.