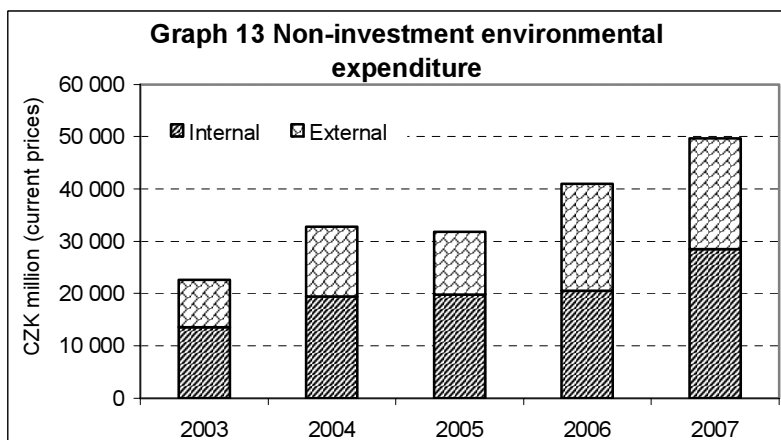


## Non-investment environmental expenditure

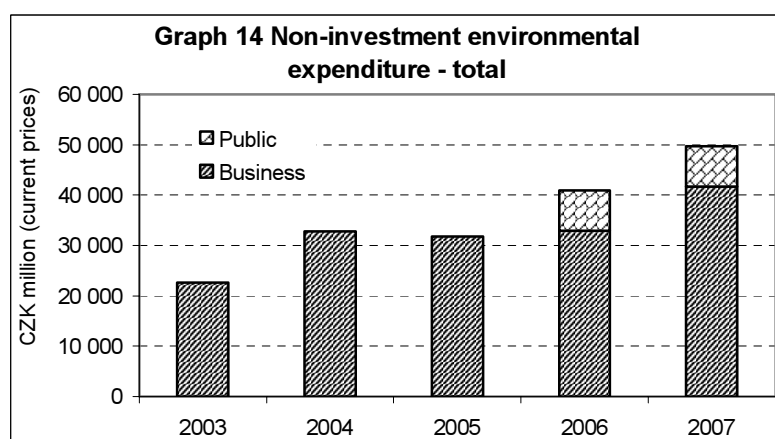
Non-investment environmental expenditure, also called current expenditure, includes wage costs, payments for material and power consumption, repair and maintenance etc., and payments for services having the primary purpose of maintenance, reduction and elimination of pollution or of further environmental degradation stemming from production process of the enterprise. Non-investment expenditure is divided into internal and external one, viewed from the angle of the enterprise.



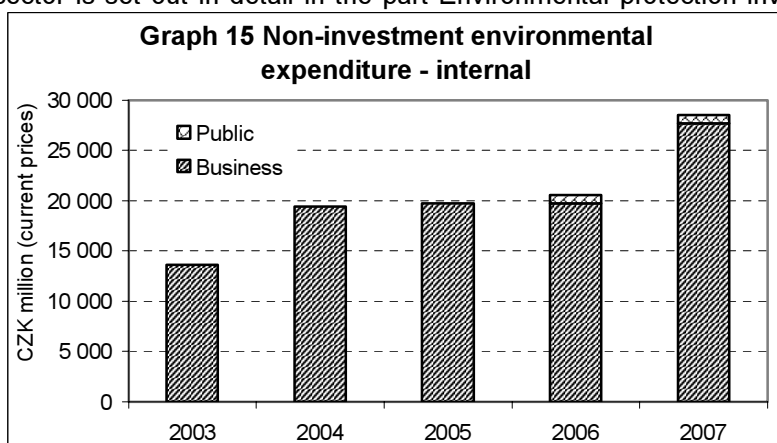
The measurement of non-investment environmental expenditure began in the reporting year 2003 for the business sector and as late as the reporting year 2006 for the public sector. Graph 13 shows the trends of

non-investment expenditure broken down into internal and external expenditure.

Non-investment expenditure was slightly in excess of CZK 20 billion (current prices) in the first year of the survey (2003) and it amounted to over CZK 30 billion (current prices) in the following two years; this increase is attributable to respondents' lack of experience of determining non-investment expenditure in 2003 and to change in the sampling methodology<sup>6</sup>. The increase in 2006 and 2007 is partly due to the inclusion of the public sector in the survey, as apparent from Graphs 14, 15, 16 where non-investment expenditure is split into



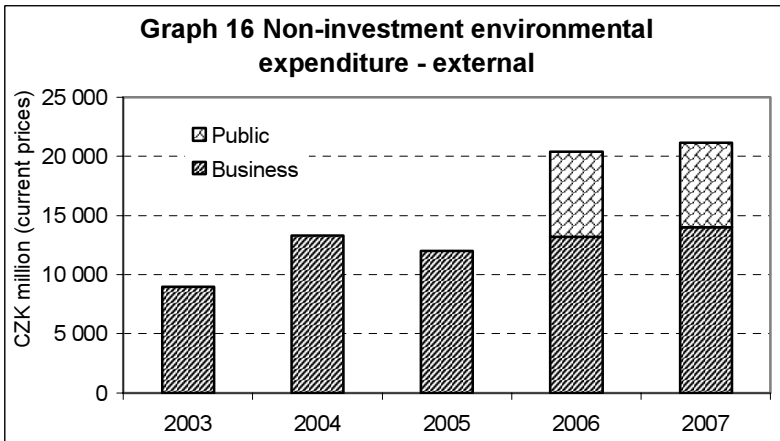
public and business sector and into internal and external expenditure. The split into public and business sector is set out in detail in the part Environmental protection investment. Nevertheless, also the business sector contributed to the growth of non-investment expenditure in 2007, namely by a considerable increase of internal non-investment expenditure in comparison to 2006, which was probably due to price increases of materials and power, as apparent in Graph 17, which shows the shares of money spent on individual internal non-investment expenditure.



Internal non-investment expenditure made up roughly 60% of the total non-investment expenditure in 2003–2006, i.e., a larger part of non-investment

environmental expenditure was spent within the reporting units, i.e. at the units' own costs. The remaining roughly 40% of money was spent predominantly on purchases of environmental services, i.e. environmental protection was contracted out.

<sup>6</sup> In 2003 enterprises with 50+ employees were surveyed, since 2004 enterprises with 20+ employees.



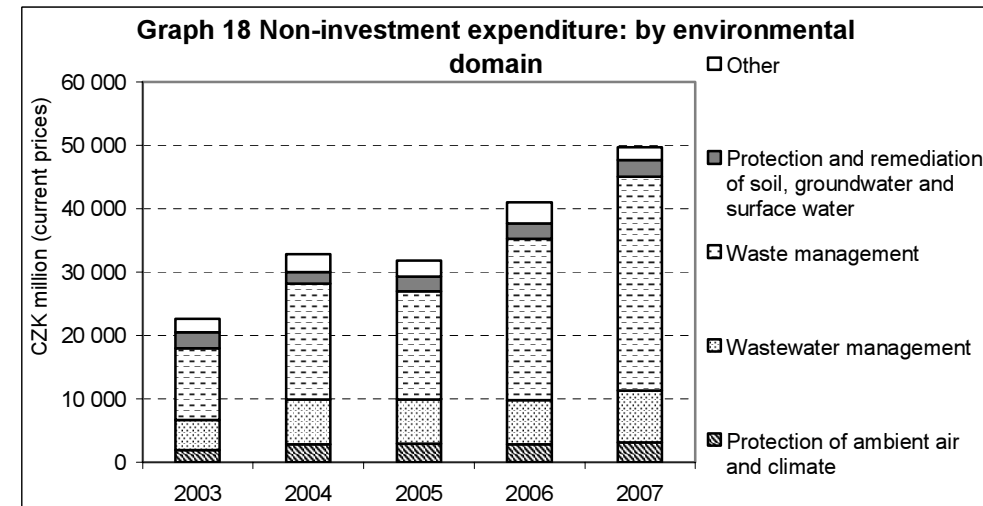
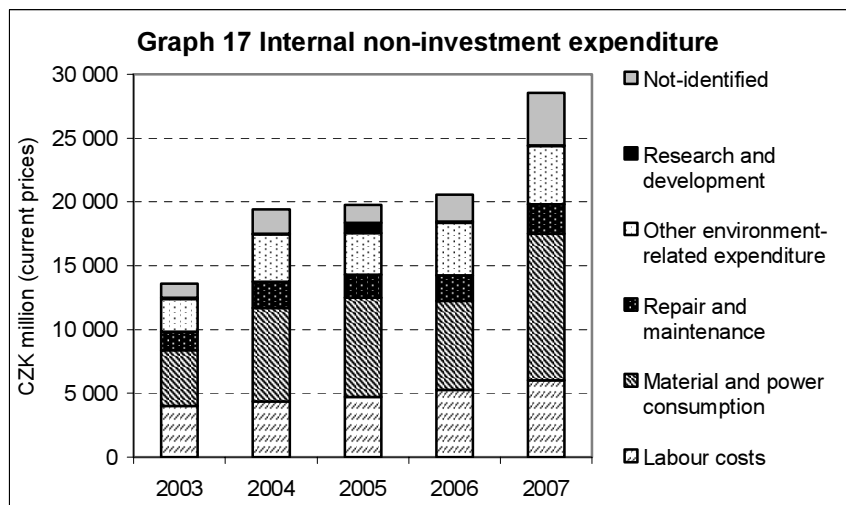
The graphs show that non-investment expenditure in the public sector applies predominantly to purchases of environmental services, while a large part of expenditure in the business sector is at the units' own costs.

The largest volume of internal non-investment expenditure was spent on material and power consumption (in total CZK 38 billion in 2003–2007 – current prices, which made up 37% of internal non-investment expenditure in the same period) and on the payroll (CZK 24 billion – current prices, 24%).

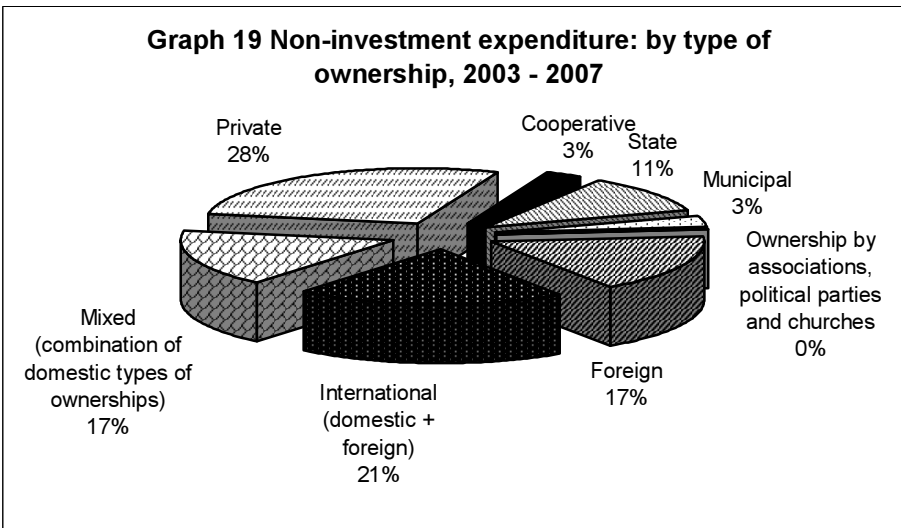
While wage costs increased very slowly, material consumption showed fluctuations affected probably by year-on-year price changes. A considerable increase in 2007 was recorded for non-response, as the respondents failed to classify 14% of internal expenditure in comparison to under 10% in the previous years.

By environmental domains, most money in total for all the years (2003–2007, current prices) was spent on waste treatment (60%), followed by wastewater treatment (20%) with roughly the same shares of external and internal non-investment expenditure.

Graph 18 shows non-investment expenditure in total (external and internal) in the years 2003–2007 by environmental domains. Most money spent on non-investment expenditure was channelled into waste treatment and the trend was markedly rising:



of total non-investment expenditure went into waste treatment, whereas in 2003 the percentage was 50%. Roughly the same percentages were invested in both internal and external non-investment expenditure.



By type of ownership, the highest percentages of non-investment expenditure in total for 2003–2007 were financed by private enterprises, followed by international enterprises, foreign-controlled enterprises and mixed ownership enterprises (for the methodology of types of ownership see part Environmental protection investment). The percentage of finance by foreign-controlled enterprises grew considerably in the period,

from 17% in 2003 to 29% in 2007. The largest volumes of this expenditure were recorded for enterprises engaged in sewage and refusal disposal, sanitation and similar activities, i.e. specialised providers of environmental protection services founded by a non-resident person.

By CZ-NACE activity, most non-investment expenditure came from manufacturing (41% in total for 2003–2007). The share of enterprises engaged in sewage and refusal disposal, sanitation and similar activities was 26%. A noticeable contribution to the total value of non-investment expenditure was made by businesses engaged in electricity, gas and water supply, and a marked contributor in 2006 and 2007 was public administration and defence, compulsory social security.

