

No. 37 of 2011 (General Serial No. 106): Audit Findings on the Special Funds for Urban Sewage and Garbage Treatment of 9 Provinces and Municipalities for the year 2010

In accordance with the provisions of the Audit Law of the People's Republic of China, the National Audit Office (CNAO) conducted an audit on the collection, management and use of special funds for urban sewage and garbage treatment (including funds for construction of sewage and garbage treatment projects, sewage and garbage treatment fees, hereinafter referred to as sewage and garbage treatment funds) for the year 2010 of the 9 provinces and municipalities of Tianjin, Shanghai, Zhejiang, Hubei, Guangdong, Chongqing, Yunnan, Shenzhen and Chengdu (hereinafter referred to as 9 provinces and cities). The audit findings are hereby reported as follows:

1. Overall Situation

From the audit perspective, the relevant departments and local governments at various levels in the 9 provinces and municipalities actively implemented the "National 11th Five-Year Plan for Construction of Urban Sewage Treatment and Recycling and Reuse Facilities" and the "National 11th Five-Year Plan for Construction of Facilities for Innocuous Disposal of Urban Domestic Garbage" (hereinafter referred to as the "Two Plans"), increased capital investment, established and improved relevant rules and regulations, accelerated the construction of sewage and garbage treatment projects, and achieved relatively good results.(1) Having increased funding to support the construction and operation of sewage disposal and garbage treatment facilities. In 2010, the 9 provinces and municipalities invested a total of 24.907 billion Yuan of sewage and garbage treatment funds, including: 9.397 billion Yuan from central finance, 6.675 billion Yuan from local finance and 8.835 billion Yuan raised by enterprises themselves; among these, the investment from central finance increased 49% over the previous year, effectively ensuring the needs for the construction and operation of sewage and garbage treatment facilities.

(2) Having strengthened project construction management, and promoted the construction of sewage and garbage treatment facilities. As of the end of 2010, in the 9 provinces and municipalities, among the 749 sewage and garbage treatment projects with investment from central finance for the current year, the construction progress of 727 projects were in line with program requirements, of which 248 have been completed on schedule; cumulatively, 30.567 billion Yuan of investment has been completed, accounting for 49.9% of the total project investment of 61.234 billion Yuan.

(3) Having strove to complete the targeted tasks, and effectively increased the capacity for treating urban sewage and garbage. During the 11th Five-Year period, the 9 provinces and municipalities actually increased 26.6331 million m³/d of sewage treatment capacity, 31,000 km of supporting pipeline network and 62,400 t/d of garbage disposal capacity, completing 147%, 278% and 74% respectively of the targeted tasks in the "Two Plans".

2. Main Audit Findings and Rectification Situation

The local governments at all levels and related departments and enterprises in the current audit attached

relatively great importance to the construction of sewage and garbage treatment projects, the management and use of central finance special funds were relatively up to norm. However, the audit also found that, in some areas and units, some problems exist in the collection, management and use of sewage and garbage treatment funds and project construction and operation, some of which affected the construction and operation results of sewage and garbage treatment projects. Specifically:

(1) In 2010, 5 project units, namely: the Tongxiang garbage incineration project of Xindu Thermal Power Co., Ltd., Zhejiang Province, the urban sewage collection pipe network project (within the Middle Ring Road) of Jiaxing City, Zhejiang Province, the First Ring Road trunk sewer pipeline project of Yongchuan District, Chongqing City, the southern area sewage pipe network project of Shizhu Tujia Autonomous County, Chongqing City, and the supporting trunk sewer pipeline project of the Fu Yong sewage treatment plant, Shenzhen City, submitted duplicate applications for central government sewage and garbage treatment funds amounting to 39.4615 million Yuan, accounting for 0.41% of central government special funds sampled in the audit. 14 projects, including, in Zhejiang Province: the Zhili Township urban sewage interception project, Huzhou City, the first stage of the No. 2 sewage treatment plant project of Changxing County, Huzhou City, the Guanjianggang water source wetlands ecology improvement project, Jiaxing City, the urban sewage collection pipe network project (within the Middle Ring Road), Jiaxing City, the Wangjiangjing Township centralized sewage treatment project, the garbage incineration power generation plant project of Ruian City, Wenzhou; in Guangdong Province: the Longzhu sewage treatment plant technical innovation and expansion project, Shantou City; in Yunnan Province: the sewage treatment plant second stage and supporting pipe network project, Mengzi City, the sewage interception pipe network and treatment plant project of Yulong County, Gucheng District, Lijiang City, the second stage reconstruction project of the Qujing City sewage treatment plant; the Shenzhen Laohukeng sludge treatment plant; in Shanghai Municipality: the Jinze Township sewage pipe network construction project, Qingpu District, the Huaxin Township Fengzhong Road etc. sewage pipe network project, Qingpu District, and the Jinze Shangta area sewage pipeline project, Qingpu District, held up or left idle sewage and garbage treatment funds amounting to 396 million Yuan, accounting for 1.58% of special project investments for the 9 provinces and municipalities.

After the audit noted the above-mentioned problems, as of the end of April 2011, the relevant localities, departments and units have recovered and re-applied for 19.8615 million Yuan of funds, and allocated 190 million Yuan of held up and idle funds.

(2) As of the end of 2010, 10 fee collection agent units, namely: Shanghai Municipal Waterworks Shinan Co., Ltd., Shanghai Municipal Waterworks Shibe Co., Ltd., Shanghai Municipal Waterworks Minhang Co., Ltd., Shanghai Pudong Veolia Water Corporation Ltd., Tianjin Waterworks Group Co., Ltd., Jingzhou City Water Conservancy Bureau in Hubei Province, Shenzhen Water (Group) Co., Ltd., Shenzhen Water Longgang Water Group Co., Ltd., Shenzhen Water Baoan Water Group Co., Ltd. and Guangzhou City Waterworks, and the Shanghai Pudong Xinqu Government, failed to levy or irregularly reduced or exempted sewage treatment fees totaling 506 million Yuan. Five fee collection agent units, namely: Shenzhen Water (Group) Co., Ltd., Ezhou City Yuquan Waterworks in Hubei Province, Tianjin Municipality Drainage Management Office, Chongqing Municipality Youyang County Water Conservancy and Hydropower Industry Development Co., Ltd. and Chengdu City Waterworks, failed to timely turned over to finance sewage and garbage treatment disposal fees totaling 295 million Yuan.

After the audit noted the above-mentioned problems, as of the end of April 2011, the relevant localities have recovered 10.93 million Yuan in sewage and garbage treatment fees, and turned over to finance 206 million Yuan.

(3) Thirteen units, namely: Yunnan Province Water Industry Investment Co., Ltd., Yunnan Province Urban Construction Investment Co., Ltd., Hubei Province Tuanfeng County Investment Development Co., Ltd., Hubei Province Ezhou City Urban Construction Investment Co., Ltd., Tianjin Municipality Waterworks Group Co., Ltd., Tianjin Municipality Drainage Company, Hangzhou City Drainage Co., Ltd., Huzhou City Wuxing South Taihu Construction Investment Co., Ltd., Huzhou City Zhili Township Finance Department, Chongqing Municipality Wanzhou District Finance Bureau, Guangzhou City Finance Bureau, Zhanjiang City Finance Bureau, and Shenzhen City Longgang District Urban Management Bureau, failed to use sewage and garbage treatment funds in accordance with the specified purposes, but instead used them for lending, equity investment and other infrastructure construction and other expenses, involving 33.08 million Yuan of finance funds for sewage and garbage treatment project construction, 495 million Yuan of sewage and garbage treatment fees, and 1.003 billion Yuan of sewage treatment project construction loans, accounting for 6.14% of special project investment of the 9 provinces and municipalities.

After the audit noted the above-mentioned problems, as of the end of April 2011, the relevant localities have actively pushed the above-mentioned units to return 897 million Yuan of funds to the original channels; the remaining funds are being further cleaned up and returned.

(4) As of the end of 2010, among the 206 sewage and garbage treatment projects sampled by the audit that should have been completed during the "11th Five-Year" period, 114 failed to be completed on schedule, accounting for 55.34%; the actual treatment load rate of 55 sewage treatment plants sampled by the audit that were completed and put into operation for 1 to 3 years in the 6 provinces and cities of Tianjin, Shanghai, Zhejiang, Hubei, Chongqing and Chengdu, failed to reach the target of "not less than 60% of design capacity within 1 year, and not less than 75% of design capacity within 3 years" required by the "Two Plans". In the 4 provinces and cities Shanghai, Guangdong, Shenzhen and Chengdu, 54 projects failed to be submitted for tender in accordance with provisions.

After the audit noted the above-mentioned problems, the relevant localities actively urged the construction units to accelerate the construction schedule, as of the end of April 2011, 31 of the above-mentioned projects that were not completed on schedule have been put into trial operation or had their construction plans adjusted; the relevant localities are further improving project management systems in order to prevent similar problems from recurring.

Regarding the above-mentioned items still undergoing rectification, CNAO will urge the relevant localities to push ahead with rectification, and will announce the final results in due course.