

No.36 of 2011 (General Serial No.105): Audit Investigation Findings on Special Fund for Water Pollution Prevention and Water Resources Protection of the Yellow River Basin

In accordance with the provisions of the Audit Law of the People's Republic of China, from November 2010 to March 2011, the National Audit Office (CNAO) conducted an audit investigation on the special fund for water pollution prevention and water resources protection of the Yellow River basin and relevant work of seven provinces and autonomous regions including Gansu, Ningxia, Inner-Mongolia, Shaanxi, Shanxi, Henan and Shandong (referred to hereinafter as the seven provinces and regions) and the Yellow River Conservation Commission of the Ministry of Water Resources (Yellow River Commission for short) from 2008 to 2010. The audit investigation findings are hereby announced as follows:

1. Work in Water Pollution Prevention and Water Resources Protection of the Yellow River Basin and its results

The audit investigation findings show that during the Eleventh Five-year Plan period, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Environmental Protection, the Ministry of Housing and Urban-Rural Development, the Ministry of Water Resources and the people's governments at various levels of the Yellow River basin attached great importance to water pollution prevention and water resources protection. To this end, they issued the Water Pollution Prevention Plan for the Upper and Middle Reaches of the Yellow River Basin (2006 – 2010) (referred to hereinafter as the Yellow River Plan), earnestly implemented projects of water pollution prevention and water resources protection, strictly regulated and managed the total volume of water, drew up regulations and mechanisms and had them improved, enhanced supervision and checking, in the end, achieving relatively good results in water pollution prevention and water resources protection. The data provided by the Ministry of Water Resources and the development and reform commissions of the seven provinces and regions show that by the end of 2010, regions on the upper and middle reaches of the Yellow River had put 22.4 billion Yuan into the implementation of the Yellow River Plan, representing 70.02% of the 31.993 billion Yuan of planned investment. Of the total, 3.323 billion Yuan came from central government finances, 7.402 billion Yuan from local government finances, 11.675 billion Yuan from fund of enterprises. In terms of the investment target 14.624 billion Yuan was used in urban sewage treatment facilities, accounting for 65.29%; 6.814 billion Yuan used in industrial pollution prevention projects, representing 30.42% and 962 million Yuan in pollution prevention projects of key areas, amounting to 4.29% of the total. Meanwhile, from 2008 to 2010, the seven provinces and regions invested 2.784 billion Yuan in the construction of key projects of water and soil conservation such as alluvial land dams. Of the sum, 1.697 billion Yuan was from central government finances, 929 million Yuan from local government finances and 158 million Yuan from other sources.

(1) The pollution prevention projects were implemented in an all-round way. At the end of 2010, among the 528 projects of the Yellow River Plan, 446 projects were completed, accounting for 84.47% of the total. Of them, 197 urban sewage treatment projects were finished, representing 77.87% of the 253 planned projects, adding 3.9979 million tons/day in sewage treatment capacity. 240 projects of industrial pollution prevention were built, amounting to 91.25% of the 263 planned projects. Nine pollution

prevention projects in key areas were put up, representing 75% of the 12 planned projects. 271 paper-making and coking enterprises in the basins of the Wei River and Fen River, two major tributaries of the Yellow River, were shut down, accounting for 90.94% of the 298 ones that were shut down as the plan required.

(2) Water and soil conservation was energetically facilitated. From 2008 to 2010, the fund input for water and soil conservation in the seven provinces and regions kept increasing. The 2009 figure was 10.53% higher than that of 2008 and the allocation of 2010 was 40.95% bigger than that of 2009. 1,800 alluvial land dams were constructed, 14,251 small hydrological and water conservation projects were completed and a total of 380 million tons of mud storage capacity was available. And comprehensive prevention of soil erosion on 11,012.47 square kilometers was accomplished, amounting to 101.03% of the planned 10,900 square kilometers.

(3) The overall situation in the water quality of the Yellow River mainstream improved and unified management of water resources was enhanced. From 2008 to 2010, of the 18 state-controlled cross-sections of the mainstream in the Yellow River Plan, 17 cross-sections which reached the required standard in 2008 increased to 18 in 2010. And the water quality of the river remained excellent for three consecutive years. The administrative departments of the basin of the river and the local governments of the seven provinces and regions enhanced the management of water and the unified management of water resources, preventing flow stoppage for 11 years running and basically meeting the need of water for economic and social development and the ecological environment of the basin.

2. Main Problems Found in the Audit Investigation and Their Rectification

The audit investigation findings show that during the Eleventh Five-year Plan period, positive result was achieved in water pollution prevention and water resources protection of the Yellow River basin. However, in some localities, problems existed in relevant departments and enterprises in the collection, management and use of fund, water pollution prevention, protection and management of water resources and the construction and management of embankment projects. The actual circumstances are as follows:

(1) Four provincial-level, ten municipal-level and 20 county-level water resources, environmental protection and construction departments in charge or water companies commissioned to collect charges of six provinces and autonomous regions of Gansu, Ningxia, Inner Mongolia, Shaanxi, Henan and Shandong failed to collect 216 million Yuan of water resources fees, 35.819 million Yuan of wastewater treatment charges, 573,500 Yuan of garbage disposal charges and 817,600 Yuan of pollutant discharge charges; b, 256 enterprises and public institutions of six provinces and autonomous regions of Gansu, Ningxia, Inner Mongolia, Shaanxi, Shanxi and Henan did not hand in 216 million Yuan of due water resources fees, 19.266 million Yuan of wastewater treatment charges, 90.9995 million Yuan of garbage disposal charges and 206 million Yuan of pollutant discharge charges. c, one provincial-level, five municipal-level and one county-level financial departments of four provinces and autonomous regions of Gansu, Ningxia, Inner Mongolia and Shaanxi failed to turn over to central government finances 49.7295 million Yuan of water resources fees as required by the regulations; d, five municipal-level financial departments or departments commissioned to collect charges of Gansu, Shaanxi and Shanxi provinces

and Ningxia Hui Autonomous Region did not incorporate 13.0314 million Yuan of water resources fees, 21.0043 million Yuan of wastewater treatment charges and 3.0635 million Yuan of pollutant discharge charges into the management over budget.

With the above problems singled out in the audit, Gansu, Ningxia, Inner Mongolia, Shanxi and Shandong provinces and autonomous regions collected and handed in 42.8146 million Yuan of the delayed water resources fees, wastewater treatment charges and pollutant discharge charges and incorporated 17.6446 million Yuan of fund into the budget for management.

(2) Up to the end of 2010, of the 253 construction projects of urban sewage treatment whose completion was required in the Yellow River Plan, 56 projects remained to be completed, amounting to 22.13% of the total number as the plan required. 3.0221 million tons/day of wastewater treatment capacity was not in place, representing 43.05% of the 7.02 million tons/day of required capacity which should have been there. Among the 96 wastewater treatment plants, which had been completed and in operation, they were randomly checked in the audit, problems of above-quota pollutant discharge existed in ten wastewater treatment plants including Lanzhou Yan'erwan Wastewater Treatment Plant of Gansu Province, TaiYuan Yinjiapu Wastewater Treatment Plant of Shanxi Province and Fengxiang County Wastewater Treatment Plant of Baoji, Shaanxi Province.

With the above problems pointed out in the audit, the related provinces and autonomous regions including Shaanxi took active measures and requested the speeding up of the construction of planned pollution prevention projects and urged the wastewater treatment plants which did not meet the required standard to proceed with technical upgrading.

(3) 45 water and soil conservation projects in six provinces and autonomous regions of Gansu, Ningxia, Inner Mongolia, Shaanxi, Shanxi and Henan had a total of 277 million Yuan of fund shortfall, accounting for 54.96% of the 504 million Yuan of total planned investment. Of the sum, 191 million Yuan was local supporting fund, representing 68.95% of the total shortfall, which affected adversely the accomplishment of the tasks of soil erosion prevention.

With the above problems discovered in the audit, the relevant provinces and autonomous regions including Inner Mongolia instructed the related localities to rectify and the local supporting fund was being secured.

(4) 24 construction projects of the seven provinces and regions of Gansu, Ningxia, Inner Mongolia, Shaanxi, Shanxi, Henan and Shandong occupied, in contravention of the regulations, 14,700 mu of riverbed (1 mu equals 1/6 acre). The occupied land involved Fenge Farm, River Bank Park of Fugu County, Water Paradise project of Daqing River, Shenquan Ecology Tourism Zone, Wei River Ecology Park of Baoji Municipality, Yintan Wetland Park, Wanrong Yellow River Resort, Lanzhou Water Mill Museum, Phase I of Dragon Park, Phase II of Dragon Park, Jinmahe Park, Baitashan Yellow River Cableway, Museum of Lush Southern Scenery beyond the Great Wall; and 25 were restaurants of Langui Village of JiuYuan District of Baotou Municipality, 14 projects in all were tourism and leisure facilities. Five projects including Wen County Industrial Zone, Drex Cow Farm of Jiaozuo Municipality, Yipu Alcohol Co. Ltd. of Mengzhou Municipality, No. 1 Toilet Tissue Plant of Mengzhou Municipality, Zhaojun Branch of Ping'an Aviation Co. were enterprises and industrial parks. And five projects were: Expansion of

Embankment of Baode County, construction of the Heshun-Yushe and Pingyao-Fenyang expressways, construction of Longbai-Chengzhao Expressway, Datong-Yuncheng High-Speed Railway project; 27 interim structures on the riverbed of the Wei River in Tianshui were infrastructure facilities. Prior to their construction, no flood-fighting impact assessment was made, no project among them was approved by the department in charge of riverbed and some constructed facilities did not meet the flood-fighting requirement. Moreover, the audit investigation also found that in the construction of flood-fighting projects, sub-contracting in contravention of the rules existed in some sections, no public tendering was conducted in some surveying and design contracts and in submitting tenders some enterprises borrowed, in violation of the regulations, the credentials of other enterprises.

After the audit investigation indicated the above problems, the Yellow River Commission issued two statutes and regulations including the regulations on further stepping up the management of administrative licenses of the Yellow River, released five circulars requiring the checking and addressing of the illegal occupation of riverbed and criticized and disciplined the relevant units and persons responsible for the problems.

CNAO will urge the related localities to proceed speedily with the rectification of the problems which were still in the process of being corrected and announce the final result at an appropriate time.