

**World Bank-China Proposed
Zhuzhou Brownfield Remediation Project
(Qingshuitang Area)**

**Worker Settlement of Closed Enterprises
Review Report**

Zhuzhou Brownfield Remediation Project (Qingshuitang Area)

Execution Office

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Worker Settlement of Closed Enterprises

Review Report

1 Project overview

1.1 Project goal

The project area of Zhuzhou Brownfield Remediation Project (Qingshuitang Area) is located in the core of Qingshuitang Industrial Zone's (QIZ) pollution remediation, which consists primarily of QIZ's old industrial center. The old industrial base was a key project for developing the People's Republic of China's metallurgy and chemical industries during its 1st and 2nd Five-Year Plans. The area was mainly used for high-energy consumption and high-pollution projects such as metallurgy of nonferrous metals, and foundational chemical industries. This non-optimized industrial structure poses a severe pollution problem, not only causing long-term damages to Zhuzhou residents' health through air pollution, but also a risk to the drinking water sources of over 10 million people in Hunan's cities including Zhuzhou, Changsha, Xiangtan and Yueyang. The goals of this project are to perform soil remediation, rebuild the local water ecological system, implement environmental monitoring of the region, and resettle and reform pollution enterprises, in order to completely or largely remedy the pollution problem that has hindered or damaged the development and health of local residents,

eliminate the potential risk to the drinking water of over 10 million people living in the middle to lower reaches of the Xiang River, restore the local ecological environment, revive the Qingshuitang Industrial Zone, and provide an example in China's explorations in reforming old industrial zones.

The report was fully disclosed at the websites of Zhuzhou Municipal Government and Zhuzhou Recycling Economy Development Investment Company on June 8 and June 3, 2015 respectively. Hard copies were disclosed at main communities in the project area afterwards. The revised report was re-disclosed at above websites on August 3, 2015.

1.2 Main construction tasks

Based on the statuses of pollution and ecological damages in Qingshuitang, as well as the government's future development plans, 2.73 km² out of 8.48 km² of the 7 sub-areas will require brownfield remediation. Items requiring governance fall into 5 categories, i.e. ponds, channels, closed enterprises, waste residues & wasteland, and bare soil. See table 1.2.1 for the distribution of the 5 categories.

Table 1.2.1 Statistic of Items Requiring Governance in Project Area

Category	Sub-area	Area requiring governance (m ²)
Pond	Qingshui	112041
	Tongxia	41646
	Tongtangwan	19299
	Sub-total	172986
Channel	Old Xiawangang	54279
Enterprise	Xinda Metallurgy	12271
	Xiongdi Industry	22930
	Yongfa Refinery	12779
	Kangli Metallurgy	4593
	Tiancheng Chemicals	104814

	Hehua Cement Plant	28879
	Sub-total	186266
Waste residue	Waste residue from Tongxia	16815
	Sub-total	16815
Soil	Xiangshiling	8208
	Qingshui Lake	754516
	Qingshui	401154
	Yingfeng	210188
	Qingshi	31528
	Tongxia	252189
	Tongtangwan	638986
	Sub-total	2296770
Total		2727116

According to feasibility study report, the project includes 4 sub-projects:

1. Treatment and restoration of polluted site

Cleaning and arrangement of site in project area: govern the residential area, leftover site of closed enterprises, soil, waste residue, polluted channels, water bodies in ponds and sediment; drain the water collected at Qingshui Lake from various water systems in Qingshuitang area to Xiangjiang River; according to the progress of regional development, restore the ecology and landscape in the area where environmental governance is completed.

2. Construction of utilities for site restoration

Existing Xinqiao Disposal Yard of 4,000 m² and Dehydration Yard of 15,000 m² shall be utilized. A new dehydration yard shall be constructed on the wasteland between low drainage ditch and Old Xiawangang, covering an area of 4,200 m², including 4,000m² for dehydration yard and 200m² for

temporary sediment storage yard.

3. Construction of solid waste landfill

A new solid waste landfill shall be constructed to accommodate the heavy metal contaminated soil produced by the project. The landfill is constructed on the abandoned stone pit of Zhuzhou Hehua Cement Plant as per Category II standards of general industrial solid waste disposal site. The landfill will cover an area of 57.39 mu with an effective volume of 2 million m³.

4. Construction of environmental protection demonstration center

To maximize the demonstration role of the project, this project will establish an environmental demonstration center, which is not only an environmental education platform for the public to review the pollution history, display remediation achievements and anticipate the future development of environmental protection, but also a monitoring data center to monitor and alert before and after the remediation. The demonstration center will be constructed with an area of 820m²., also construct an environmental protection museum 10,000m², and auxiliary test land (demonstration base) 40,000m².

In addition, scattered replacement of surface bare soil shall be conducted beyond the 2.73 km² area. Replaced area is 0.11km², 165 mu in total.

1.3 Beneficially and adversely affected regions

1.3.1 Beneficially affected regions

The project's direct beneficiaries are the 250,000 residents of the whole Shifeng District, living in 5 sub-districts and 49 communities/villages. The indirect beneficiaries are over 10 million residents in the city of Zhuzhou and in cities including Changsha, Xiangtan and Yueyang in the lower reaches of the Xiang River.

The project will effectively reverse Qingshuitang's worsening pollution, eliminate its long-term threat, improve its soils, restore its ecological environment, and benefit the health and drinking water safety of the people living in Zhuzhou and in the Xiang River region.

1.3.2 Adversely affected regions

The project covers 7 sub-regions (as shown in Fig. 1: project layout): Yingfeng, Qingshuihu, Qingshui, Tongxia, Tongtangwan, Qingshi, and Xiangshiling. A land area of 8.48 km², 6237 people, and 53 enterprises will be directly impacted, of which 3 enterprises have been closed, 2 enterprise has completed its liquidation and reform, and 1 enterprise has ceased production. The project will not majorly affect most enterprises within the area. The closed enterprises were shut down by policy decisions due to obsolescence; they have been properly compensated, and their workers have been properly

resettled as the enterprises terminated their employment. The other enterprises' production suspension was due to business and market reasons rather than the project's impact. The actual impacts of the project are the comparatively limited effects caused by the demolition and renovation of infrastructure and facilities, noise from construction works, and the traffic of transportation vehicles along the Tong'ou Road.

Fig. 1.3.2.1 Project area layout



映峰片区	Yingfeng Region
清水湖片区	Qingshuihu Region
清水片区	Qingshui Region
铜霞片区	Tongxia Region
铜塘湾片区	Tongtangwan Region
清石片区	Qingshi Region
响石岭片区	Xiangshiling Region

2 Status of affected enterprises

Within the 2.75km² area of contamination remediation, 6 enterprises will be directly affected, of which 3 are obsolete and closed as part of a policy decision, 2 has filed for bankruptcy, and 1 has suspended normal production. The following are their statuses.

2.1 Closed enterprises

3 obsolete enterprises have been shut down, including: Zhuzhou Hongji Zinc Co., Ltd, Zhuzhou Xinda Smelting Co., Ltd, and Zhuzhou Kangli Smelting Co., Ltd.

2.1.1 Zhuzhou Hongji Zinc Co., Ltd

Zhuzhou Hongji Zinc Co., Ltd is located in Jianshe Village under Tongtangwan Office, Shifeng District, Zhuzhou. It was founded in March 2010 as a successor to Zhuzhou Yongfa Refinery (first built in 2003), occupying an area of 11844m² in the southern intersection between the Tongxia and Qingshi regions. Its main products are zinc oxide, zinc sulfate, and metal indium. Its byproducts include solid and liquid heavy metal wastes.

The company was listed as an obsolete enterprise in *Zhuzhou Urban Region Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsolete or Resettled*, and shut down on October 2012. According to the *Plan*, a compensation of CNY 2.18 million was provided

using municipal and district governmental funds.

At the time of its closing, the company has about 180 registered employees who were primarily local residents. The workers had received monetary compensations, and no labor dispute had occurred. After its closing, the company employed 3 watchers for the facility at CNY 30,000 per year each person.

Attached:

1. *Implementation Plan for Enterprises to be Closed, Obsolete or Resettled* (Z.Z.B.H. [2011] No. 165)

2. “Opinion from on-site acceptance for the obsolescence and closure of Zhuzhou Hongji Zinc Co., Ltd”

3. “Confirmation for production suspension and closure of Zhuzhou Hongji Zinc Co., Ltd” (Z.S.J.X.Z. [2012] No. 12)

4. “Approval list for funding requisition for subsidy of closed, obsolete and resettled enterprises of Zhuzhou”

5. “Accounting result for heavy metal contamination reduction from the closure of Zhuzhou Hongji Zinc Co., Ltd”

6. Photography and interviews from the enterprise site

7. Details of the enterprise’s fixed assets

2.1.2 Zhuzhou Xinda Smelting Co., Ltd

Zhuzhou Xinda Smelting Co., Ltd is located at Qingshui Road, Shifeng

District, occupying 12755m² of land. Its main product is secondary zinc oxide produced using a rotary kiln and calcination process. Its main heavy metal wastes are lead, arsenic and cadmium dusts.

The company was nominated on the list of obsolete enterprises of *Zhuzhou Urban Region Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled*, and shut down on October 2012. According to the *Plan*, compensation of CNY 1.03 million was provided using municipal and district governmental funds.

At the time of its closure, the company has about 150 registered employees, who were given monetary compensations according to their lengths of employment (no detailed standard was given), with the highest compensation being CNY 40,000. The remaining amount was used for repaying the company's debts. The company site is currently unused.

Attached:

1. *Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled* (Z.Z.B.H. [2011] No. 165)
2. "Opinion from on-site acceptance for the obsolescence and closure of Zhuzhou Xinda Smelting Co., Ltd"
3. "Confirmation for production suspension and closure of Zhuzhou Xinda Smelting Co., Ltd"
4. "Report on application for compensations for closed enterprises"
5. "Approval list for funding requisition for subsidy of closed, obsoleted

and resettled enterprises of Zhuzhou”

6. “Accounting result for heavy metal contamination reduction from the closure of Zhuzhou Xinda Smelting Co., Ltd”

7. Photography and interviews from the enterprise site

2.1.3 Zhuzhou Kangli Smelting Co., Ltd

Zhuzhou Kangli Smelting Co., Ltd, located at Tongxia Road, Shifeng District, was first founded in 1995 as a refinery for raw copper. The facility was shut down in 2008. Part of the facility area had been leveled into roads. The remaining plant area consists of 9282m² of state-owned land. Its solid wastes were slags from the water-quenching of blast furnaces, iron slags from copper rotary kilns, and soot in its dust collection system.

The company was listed as an obsolete enterprise in *Zhuzhou Urban Region Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled*, and closed up in April 2012. Its closing was coincident with the demolition of Tongxia Road. A compensation of CNY 3 million was provided by the district government.

At the time of its closing, the company has about 102 registered employees, of which 51% were disabled workers. At its closing, About CNY 2 million were used for paying the resident old age insurances for workers aged above 40 (or 50) and monetary compensations were given to workers who had not reached the age for the insurances, which are based on a worker’s years of

employment, plus one additional month of salary (CNY 1500/month) for each year of employment. The company's office building has been rented by the recycling company. The facility is currently unused. 12 watchers were employed, at CNY 1000/month each person.

Attached:

1. *Implementation Plan for Enterprises to be Closed, Obsolete or Resettled* (Z.Z.B.H. [2011] No. 165)
2. "Opinion from on-site acceptance for the obsolescence and closure of Zhuzhou Kangli Smelting Co., Ltd"
3. "Confirmation for production suspension and closure of Zhuzhou Kangli Smelting Co., Ltd"
4. "Approval list for funding requisition for subsidy of closed, obsolete and resettled enterprises of Zhuzhou"
5. "Accounting result for heavy metal contamination reduction from the closure of Zhuzhou Kangli Smelting Co., Ltd"
6. Photography and interviews from the enterprise site
7. Kangli Smelter old age insurance payment records

Table 2.1.1:

Statuses of Closed, Obsoleted or Resettled Enterprises

No.	Name	Reason of Closure, Obsolescence or Relocation	Outcome	Shut Down in	Subsidy (CNY 10,000)			Worker Outcome	Fixed Asset Outcome
					Total	Municipal Fund	District Fund		
1	Zhuzhou Hongji Zinc Co., Ltd	1) Cannot maintain an acceptable level of heavy metal pollutant discharge. 2) Not fitted into the industrial development plan.	Closure	2011-12	218	192.57	25.43	Determined by the enterprise	Determined by the enterprise
3	Zhuzhou Xinda Smelting Co., Ltd	Cannot maintain an acceptable level of heavy metal pollutant discharge.	Closure	2011-12	103	90.98	12.02	Determined by the enterprise	Determined by the enterprise
3	Zhuzhou Kangli Smelting Co., Ltd	Copper smelting through the blast furnace-rotary kiln process is an obsolete technology.	Obsolescence	2009-01	300		300	Determined by the enterprise	Part of land & facility expropriated due to road construction

2.2 Bankrupt enterprises

Within the project area, 2 enterprises have filed for bankruptcy and reform. Of which, Tiancheng Chemical (formerly Zhuzhou Chemical Additive Plant) had completed its liquidation, and the Degumming Plant of Zhuzhou Tianyuan Textile Co., Ltd currently rents out its facility as its main source of income.

2.2.1 Zhuzhou Tiancheng Chemical Co., Ltd

Zhuzhou Tiancheng Chemical Co., Ltd was a joint-stock company founded on the basis of the former Zhuzhou Chemical Additive Plant, which was located at Tongxia Road, Shifeng District, and was a key chemical plant, responsible for producing vulcanization accelerants, with its main products being the M, DM, CBS, NOBS and TMTD accelerant lines.

According to the Xiang River water pollution remediation mission ordered by the Hunan Provincial Government, Tiancheng Chemical was listed as one of five enterprises scheduled for relocation. The plant was suspended and closed by the municipal government on June 30, and resettled within the same year.

Tiancheng Chemical filed for bankruptcy in 2004. Its assets had been disposed by the Shifeng District Government, and its workers resettled according to legal processes. Its land was withheld by the Municipal Bureau of Land Resources, purchased in 2012 by Guanghong Real Estates, a fully owned subsidy of Hunan Longxin Group. The approx. 85 mu of land has been designated for the logistic park's residential housing, with the remaining approx.

25 mu of land purchased back by the Shifeng District Government, as land for the resettlement housing of the Qingshuitang Area.

Attached:

1. “Opinion from on-site acceptance for the closure and obsolescence of Zhuzhou Tiancheng Chemical Co., Ltd”
2. “Decisions by the 3rd Meeting of the 7th Worker Representatives of Zhuzhou Chemical Additive Plant on the Worker Resettlement Plan”
3. “Zhuzhou Chemical Additive Plant Worker Resettlement Plan”
4. “List of resettlement compensation distribution”
5. Photography from the enterprise site, and interviews with current owners of the land plots

2.2.2 Degumming Plant of Zhuzhou Tianyuan Textile Co., Ltd

Formerly the Zhuzhou Paper Mill, this was state-owned enterprise under the municipal government, which was acquired by the municipal Zhuzhou Cotton Textile Mill (headquartered at Huangshan Road Tianyuan District) and later renamed the Degumming Plant of Zhuzhou Tianyuan Textile Co., Ltd, with degummed ramie as its main product. Since its bankruptcy in 1996, the plant has ceased all production activities, and has taken renting out its facility as its main source of income. The enterprise currently has 42 registered employees, including 2 watchers. Each employee has a monthly living allowance of CNY 450, financed by subsidies (from public funds of the municipal and district

governments), and the income from facility leases. The site has been rented to 12 individually or privately owned enterprises, which in total pay a rent of about CNY 50,000 per month.

Attached:

Photography and interviews from the enterprise site.

2.3 Related enterprises

2.3.1 Zhuzhou Hehua Cement Plant

This is a private company with 92 shareholders. It occupies 100 mu of land (with land use license), in addition to renting 15 mu of collectively owned land. The company has an annual capacity of 600,000 ton, currently working at the operating rate of 60~70% for an annual output of about CNY 20 million. It possesses about CNY 30 million in fixed assets, and CNY 30 million in debts. The company has 107 registered employees, and the average salary of a first-line worker is about CNY 2,000. The company has not partake in the social insurance program; its workers consist primarily of local land-expropriated farmers who are qualified for the land-expropriated farmer subsidies for old age insurances.

Attached:

1. Photography and interviews from the enterprise site
2. Balance sheet

3 Policies concerning closed and obsoleted enterprises

3.1 Policies

(1) Z.Z.B.H. [2011] No. 165: “Notice on issuing *Zhuzhou Urban Region Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled*” (see attached)

(2) “Implementation Plan for Zhuzhou Key Remediation Area in Hunan Province Heavy Metal Contamination Remediation” (see attached)

(3) Z.S.Z.B.F. [2011] No. 55 “Shifeng District Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled”

(4) “*Management Measures for Central Government Subsidy Funds for Closedown of Small Enterprises*” (see attached)

3.2 Management of closed, obsoleted and resettled enterprises

(1) A Shifeng District Command Center for Closed, Obsoleted and Resettled Enterprises in Environmental Remediation was established.

(2) The list of the enterprises was confirmed, and the works involved were clarified.

(3) An implementation plan was developed.

(4) Legal documents were delivered to the enterprises.

(5) Supervision and assistance were provided to ensure the completion of closure, obsolescence and relocation.

(6) Acceptances were conducted. Compensations were given to the enterprises.

(Attached: *Implementation Plan*; members of the command center; enterprise & responsible department list; “Decision of Administrative Penalty” for each enterprise; opinions of enterprise site acceptance meetings; confirmations of closures; and “Approval list for funding requisition for subsidy of closed, obsoleted and resettled enterprises of Zhuzhou”)

4 Policies concerning bankrupt and reformed enterprises

(1) Z.F. (2003) No. 5.

(2) Z.Q.G.B. (2003) No.2.

4.1 Management of bankrupt and reformed enterprises

4.1.1 Worker resettlement plan

The plan encompasses: basis status of the enterprise; governmental policies the resettlement is based on; basis information on workers; estimation of resettlement costs; outcomes of workers (including the management of retired workers) and reemployment policies; continuation of social insurance accounts; other matters requiring confirmation.

4.1.2 Developing the resettlement plan

(1) The enterprise would develop a worker resettlement plan, which would be discussed and approved by a joint meeting between the enterprise’s management, Communist Party and worker representatives. The plan would then

be submitted to the labor security authorities for a first approval.

(2) The plan would be updated according to feedback from the authorities, discussed by a meeting of middle and high-level management, and submitted to the social security authorities' worker resettlement plan review group.

(3) The reviewed plan would be submitted to the Worker Representative Committee for final approval by voting, and made into a WRC decision document.

(4) The plan would be publicized to all workers.

4.1.3 Reviewing the resettlement plan

(1) Application: the enterprise would submit the plan and relevant documents.

(2) Reviewing: the plan would be reviewed by the labor security authorities of a similar administrative level. The reviewers would issue a "Reviewer Opinion on Worker Resettlement Plan" if the plan is acceptable, or promptly return an unacceptable plan, and notify the submitter the reason of the refusal.

5 Main resettlement policies for enterprise workers

As the project's implementation does not involve expropriation of enterprise land, the worker resettlement, and the direct compensations and costs thereof are not a direct concern of this project. However it is worthwhile to consider the connection between the resettlement of workers from closed or bankrupt enterprises and local residents. The local governments have developed

generally reasonable policies and measures for the social security and employment of enterprise workers, land-expropriated farmers and urban residents relating to the QIZ's remediation. The expenses are paid by special funds allocated by the national and provincial governments, profit from industrial zone land rents/transactions, and municipal and district governmental funds.

5.1 Resettlement of closed and obsoleted enterprise workers

For the 3 closed and obsoleted enterprises within the project area, one-off monetary compensations were given according to the verified number of employees and their time of employment. Residents who had an urban household registration and partook in the unemployment insurance program should receive their unemployment insurance; those who meet the criteria for urban resident subsistence allowance should receive the same.

Compensations for owners and workers primarily consist of:

(1) Enterprises who were proactive in carrying out tasks related to closure and relocation would receive an award equal to either 2% of its sales profit from the previous year, or 2% of CNY 5 million if such sales profit was below CNY 5 million.

(2) The total worker compensation consists of CNY 10,000 multiplied by the verified number of workers.

(3) According to interviews, in their practice, the actual compensation

given by the enterprises to each worker were determined by their number of years in employment.

(4) Interviews indicate that the owners and workers were generally satisfied with the compensations, and the policies were implemented; relevant authorities had not received any related complaints.

5.2 Resettlement of bankrupt and reformed enterprise workers

These enterprises can fall into three categories, with different policies.

(1) Enterprises whose workers' statuses (as workers of state-owned or collectively owned enterprises) had not been reformed. The worker resettlement would follow the status conversion process. The compensation would be the average monthly salary per capita from the previous year, multiplied by a worker's number of years since the person began working. The policies of early retirement for "45/55" (women aged 45 or above, and men aged 55 or above) and social insurance reservation for "45/55" and "40/50" (women aged 40 or above, and men aged 50 or above) would apply. The "45/55" workers would have their statuses transferred into retired workers under the local government's management, instead of receiving the compensations.

(2) Enterprises whose workers' statuses (as workers of state-owned or collectively owned enterprises) had been reformed. The worker resettlement would follow the process of labor contract termination with monetary compensations under the Labor Contract Law. The compensation would be the

average monthly salary per capita from the previous year, multiplied by a worker's number of years since the signing of the labor contract. The "45/55" workers may apply for early retirement without the compensation.

(3) Private enterprises. The worker resettlement would follow the process of labor contract termination with monetary compensations under the Labor Contract Law. The above policies do not apply.

5.3 Workers who are land-expropriated farmers

According to Section (1) and (2), Article 10 of the document Z.Z.B.F. [2010] No. 28, the basic subsistence fund for land-expropriated farmers and resettled residents from urban village renovations will primarily be used for: 1) paying for the social insurance subsidies of resettled individuals in the 2nd, 3rd and 4th age groups; 2) paying for the subsistence allowance of the 3rd age group. Since the document was issued, Shifeng District has been issuing social insurance subsidies to some residents in the 3rd and 4th age groups. By 2013, 8381 individuals have been subsidized, for a total of CNY 237.24 million; in 2014, another 1053 were subsidized, for CNY 50 million.

Attached: List of old age insurance purchases by land-expropriated farmers of Shifeng District 2014

6 Reemployment of workers within the project area

6.1 Relevant policies

(1) X.Z.B.F. [2013] No. 41: “Hunan Provincial People’s Government General Office Notice on Issuing *Some Measures for Encouraging Employment by Labor-intensive and Small, Medium and Micro Enterprises*”

(2) X.R.S.F. [2013] No. 26: Hunan Provincial Office of Human Resource and Social Security and Office of Finance Notice on Issuing *Hunan Province Implementation Method for Vocational Training Subsidy*

(3) Z.Z.B.F. [2010] No. 28: Zhuzhou Municipal Government Notice on Issuing *Zhuzhou Municipality Implementation Method for Vocational Training and Subsistence Allowance for Land-expropriated Farmers and Resettled Residents from Urban Village Renovations*

6.2 Vocational training

(1) According to Article 1, Chapter 1 of “*Hunan Province Implementation Method for Vocation Training Subsidy*”: the subsidy is applicable to four types of people within the province, who are within legal labor age (from 16 to retirement age), and possess the ability for labor and intention for training: registered unemployed urban workers, rural laborers to be transferred to urban employment, college graduates who have not been employed within the year of graduation (including graduates who originated from other provinces), and junior and senior middle school students who graduate in the same year and

have not pursued college education. An applicable person can only apply for and receive a vocational training subsidy once each year.

(2) Article 2, Chapter 2 contains provisions on the subsidy standard. The subsidy is based on the type of disciplines to be trained in: CNY 1200 each person for Class A, CNY 800 for Class B, and CNY 500 for Class C. The training institutions should charge trainees according to standards approved by local price and finance departments; the deficit of the subsidy will be paid either by the trainees or by the enterprises who will employ them. The categories of disciplines are provided in “Hunan Province Bureau of Price and Office of Finance Notice on Policies Related to Vocational Skill Appraisal Costs”. The trainings should include theoretical education and operation practice. The length of trainings should be: no less than 300 standard hours for Class A, no less than 200 for Class B, and no less than 100 for Class C. One training day is considered to have 7 standard hours.

(3) Since 2010, 5485 people have been trained in Shifeng District, with a total subsidy of CNY 3.625 million.

Table 6.2.1: Status of vocation training in Shifeng District

Year	No. of Trainees	Fund (CNY 10,000)
2010	3078	171.60
2011	890	81.08
2012	1237	107.02
2013	280	2.8
Total	5485	362.5

6.3 Organization of vocational training

(1) At the beginning of each year, based on the employment funding budget, the guiding plan from the Ministry of Human Resource and Social Security, and local conditions, the Provincial Office of Human Resources and Social Security will issue vocational training guiding plans to each municipality or prefecture.

(2) The local labor and social security departments will divide the guiding plan budget to its underlying counties and districts, and publish a vocational training plan to the general public.

(3) The beneficiaries may choose to attend provincial, municipal and/or county-level local training institutions. The training institutions are listed in the training plans issued by the social security authorities of the same level. The courses primarily consist of training for specific enterprises and occupations. The institutions themselves are responsible for student recruitment, teaching and management.

6.4 Funding for vocational training

(1) The vocational training allowances are funded by the special employment fund. The reemployment training allowances for workers who are receiving unemployment insurances are funded by the unemployment insurance fund.

(2) The basic living quality fund for land-expropriated farmers and residents of renovated “urban villages” will be used for: paying for the vocational training

of residents in the 2nd and 3rd age groups prior to their reemployment (a training fee of CNY 1000 per capita will be deduced from the basic living quality fund for land-expropriated farmers, and transferred to the labor and social security departments).

6.5 Employment trends

During the project’s implementation period, there is a lack of new businesses that can replacement old businesses, which means a lack of new jobs. However, as the remediation and reform of the area continues, in 3 or 5 years, modern service businesses (mainly logistics) will replace the traditional smelting and chemical industries, effectively creating new jobs.

Table 6.5.1: Jobs from new projects open to investments

No.	Name	Type	Investment (CNY 100,000,000)	Area	Jobs
1	Carbon fiber brake pad for high-speed locomotive	Modern manufacturing	2.5	Shifeng	1000
2	Oil-free air compressor industry	Modern manufacturing	5	Shifeng	1500
3	Air-cooling systems for key components in rail transit equipment	Modern manufacturing	5	Shifeng	1500
4	Medium-to-low speed magnetic levitation locomotives	Modern manufacturing	20	Shifeng	5000
5	Energy-storage electric light rail vehicle industry	Modern manufacturing	25	Shifeng	6000
6	100%-low floor light rail vehicle industry	Modern manufacturing	20	Shifeng	5000
7	Development & production of permanent-magnet synchronous drive rail transit	Modern manufacturing	6	Shifeng	1500

No.	Name	Type	Investment (CNY 100,000,000)	Area	Jobs
8	Bearings for rail transit vehicles	Modern manufacturing	20	Shifeng	5000
9	Railway switch products	Modern manufacturing	3	Shifeng	1000
10	Xiang River Metal Products Logistics City	Modern logistics	20	Shifeng	15000
11	Xiang River Sports & Leisure Products Convention Center	Modern logistics	20	Shifeng	15000
12	Logistics facility for China South Locomotive	Industrial logistics	10	Shifeng	5000

7 Social security policy for land-expropriated farmers

As the project's implementation does not involve expropriation of enterprise land, the worker resettlement, and the direct compensations and costs thereof are not a direct concern of this project. The expenses for worker resettlement (mainly local unemployed and land-expropriated farmers) are primarily funded by municipal and district governmental funds and profits from land rents/transactions.

7.1 Resettlement budget estimation

It is estimated that according to the document Z.Z.B.F. [2010] No. 28, the total required costs for Shifeng District's resettlement of land-expropriated farmers in 2014 would be approx. CNY 68.51 million, calculated through the following:

(1) In 2014, the total number of people in the 3rd age group (male: 50 or above; female: 45 or above) is 1042, including farmers who had not participated in but were qualified for old age insurance for land-expropriated farmers. If the insurance fee is 60% of Hunan Province's provisional old age insurance payment base CNY 3775 (i.e. CNY 2265), the total amount of insurance subsidy would be CNY 51 million.

(2) Individuals in the 3rd age group (male: 50 or above; female: 45 or above) will pay a one-off fee of 15 years' old age insurance for urban employees of enterprises or flexible employment. The old age insurance is subsidized by the subsistence fund at the standard of 12% of Hunan Province's insurance payment base each month; each individual will pay 8% of the payment base. When the 3rd age group's members reach their legal retirement ages in the future, they will receive their basic old age pension. They may also opt to pay a one-off old age subsistence fee which equals CNY 1000 multiplied by the years they have to live before reaching the 4th age group. When an individual is in the 3rd age group, the individual will receive a monthly subsistence allowance according to the concurrent lowest urban resident subsistence standard.

A district-level survey shows that there are two types of people applicable for the 3rd age group's subsistence allowance: 2718 individuals have participated in the land-expropriated farmer old age insurance, and have yet to reach the retirement age; 930 individuals have not participated in the insurance. As each individual will receive an allowance of CNY 400 each month

[(2718+930)*400*12], the total cost each year will be about CNY 17.51 million.

7.2 Funding

According to the document Z.Z.B.F. [2010] No. 28, the funding mainly comes from the following sources:

(1) For newly expropriated construction land, a CNY 60 per square meter farmer subsistence fee will be charged from the construction project (not applicable to infrastructure and industrial park projects at present)

(2) 25% of the land subsidy for expropriated land plots

(3) 20% of the net income of state-owned land use right transfer at the year of expropriation

(4) The old age subsistence fund paid by the land-expropriated farmers themselves

(5) The interest and incremental benefit from the subsistence fund of land-expropriated farmers

(6) The deficit of the subsistence fund (if any) will be paid by the responsible government's governmental fund

8 Complaint and resolution

During the project's preparation and implementation of the action plan for enterprise and worker resettlement reexamination, the participation of enterprises and workers will be valued. A grievance system will be established:

(1) The coordination, responses and resolutions of outstanding issues from closed enterprises would be the responsibilities of governmental departments nominated in the original plans.

(2) The project construction command center's underlying offices will collect the complaints of enterprises and workers, and contact the relevant departments for their resolution.

(3) Enterprises or workers unsatisfied with the solutions and answers from responsible departments or the command center can appeal to the Shifeng District Government. The district government's complaints office will coordinate their resolution.

(4) If the district government's solutions are still unsatisfactory, the appellants may apply for an administrative reconsideration at the municipal government, or start an administrative litigation at a court based on the Civil Procedure Law.

The above complaint procedures, including the names, locations, contacts and telephone numbers of involved departments will be publicized to enterprises and workers through meetings, public notices and issuing brochures, as well as other media methods. The suggestions from all parties will be received and compiled for consideration.

During the writing of this report, we had interviewed enterprise owners and some worker representatives. The 9 owners and more than 20 workers being interviewed were generally content with the implementation of the closure,

obsolescence and bankruptcy procedures. They expressed support for the governmental policies, and strong wishes for improving their living environments. The business owners also expressed a deep interest in the compensations for the next round of remediation, and suggested the remediation should commence on a fair, reasonable basis of mutual agreement.

As shown above, the owners and workers of closed, obsoleted or bankrupt enterprises, and land-expropriated farmers within the project area have all received resettlements. Robust social security services, policies of employment support and grievance resolution have been provided. The project is proven to have a beneficial effect on the workers and local residents.

Attached:

1. *Implementation Plan for Enterprises to be Closed, Obsoleted or Resettled* (Z.Z.B.H. [2011] No. 165)
2. Zhuzhou Bureau of Labor Security Opinion on Labor Security Issues in Enterprise Ownership Reforms (Z.L.Z. [2003] No. 2)
3. Zhuzhou Municipal Government Notice on Issuing *Zhuzhou Municipality Implementation Method for Vocational Training and Subsistence Allowance for Land-expropriated Farmers and Resettled Residents from Urban Village Renovations* (Z.Z.B.F. [2010] No. 28)

4. Shifeng District Environmental Remediation 2011 Implementation Plan for Enterprises to be Closed, Obsolete or Resettled (Z.S.Z.B.F. [2011] No. 55)
5. Hunan Provincial Office of Human Resource and Social Security and Office of Finance Notice on Issuing *Hunan Province Implementation Method for Vocational Training Subsidy* (X.R.S.F. [2013] No. 26)
6. Hunan Provincial People's Government General Office Notice on Issuing *Some Measures for Encouraging Employment by Labor-intensive and Small, Medium and Micro Enterprises* (X.Z.B.F. [2013] No. 41).
7. *Management Measures for Central Government Subsidy Funds for Closedown of Small Enterprises*
8. List of old age insurance purchases by land-expropriated farmers of Shifeng District 2014
9. Additional information on the nine directly affected enterprises