

The Government of the Macao Special Administrative Region

Policy Address for the Fiscal Year 2017

Contents

| | |
|--|-----------|
| Preface..... | 3 |
| Policy Agenda and Targets of the MSAR Government in 2017- | |
| Development Plan in Progress for Building a Perfect Home..... | 5 |
| 1. Implementation of livelihood-related policies and measures..... | 5 |
| 2. Consolidation of the foundation for economic development..... | 11 |
| 3. Building a happy and perfect home..... | 16 |
| 4. Enhancement of public services efficiency..... | 20 |
| Concluding Remarks..... | 24 |
| Appendix I: Legal Proposals of the MSAR Government in 2017 | |
| Appendix II Medium-term Legislation Planning for the MSAR Government - Legal Proposals in 2018 and 2019 | |
| Appendix III: Timetable of Major Tasks in Different Domains in 2017 | |

Policy Address for the Fiscal Year 2017

Development Plan in Progress for Building a Perfect Home

Preface

President, members of the Legislative Assembly:

In accordance with Article 65 of the Basic Law of Macao, and on behalf of the Macao SAR Government, I now present to the Legislative Assembly the Policy Address for the Fiscal Year 2017 for its debate and examination.

In 2016, the Government succeeded in planning far ahead on the basis of our solid foundation. The Outline of the 13th Five-Year Plan for the National Economic and Social Development of the People's Republic of China further clarifies the special position and functions of Macao in the overall national development. With active coordination and planning, the MSAR Government has listened to and considered opinions collected from various sectors and all walks of life, and has formulated the first five-year plan in the history of Macao: the Five-year Development Plan of the Macao Special Administration Region (2016-2020). Alongside the established review, assessment, and adjustment mechanisms, the plan has set a clear target, path and vision for the construction of “One Centre, One Platform” by leveraging Macao’s unique advantages in future national development.

In 2016, the overall situation of Macao remained stable despite the ongoing profound economic adjustment. The unemployment rate remained at 1.9%, while inflation receded. The public financial position remained steady and is likely to record a surplus. As of September 2016, the Government had a basic reserve and excess reserve of 132.824 billion patacas and 306.115 billion patacas, respectively. The balance of the budget of fiscal year 2015 was 29.299 billion patacas. Upon settlement of the budget, the total excess reserve and total reserve will reach 335.414 billion patacas and 468.238 billion patacas, respectively. The foreign exchange reserve will be 154.976 billion patacas. Upholding the principle of fiscal balance by spending within its means, the Government adopted a sound fiscal and financial policy to further consolidate and enhance the five long-term mechanisms and measures for improving people’s livelihoods.

The MSAR Government established the Committee for Development of the Commercial and Trade Cooperation Service Platform between China and Portuguese-speaking Countries (PCSs), chaired by the Chief Executive. Last month, the Premier of the State Council, Li Keqiang, visited Macao and

delivered a speech at the opening ceremony for the Fifth Ministerial Conference of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries, officiated the opening ceremony of the China-PSCs Commercial and Trade Service Platform Complex, announced 19 key policy measures of the Central Government that support Macao, and 18 new measures for enhancement and deepening of economic and trade cooperation between China and PSCs, thereby providing new momentum for the construction of “One Platform, One Centre” in Macao.

The Government established the Commission for the Coordination in the Management and Development of Macao’s Waters, chaired by the Chief Executive, to expedite the administration and use of waters with an area of 85 square kilometres. It also commenced the study of the Medium-to-long-term Plan for Usage and Development of the Waters of the Macao Special Administrative Region (2016-2036).

The main structures of the 11 LRT stations and 9.3 kilometres of elevated railway for Macao LRT Taipa line were essentially completed.

The Government completed the interim review on the gaming industry, laying the foundation for subsequent amendment and refinement of the relevant laws and regulations, as well as improvement of the regulatory system.

The Government essentially completed the first phase of administrative structural reform, and rationalised the connections between certain functional departments.

The Government expanded the scope of regional cooperation, and essentially established the cooperation framework for the three major economic rings of Pearl River Delta, Yangtze River Delta and Beijing-Tianjin-Hebei regions. Multilevel, multifaceted and multi-direction cooperation with mainland China is gradually taking shape.

Our work and achievements rely on the support of the Central Government and public engagement. While we are yet to meet the people's expectation in various aspects, we will be committed to rising to the challenges and promoting steady development in collaboration with all people of Macao.

Policy Agenda and Targets of the MSAR Government in 2017

President, members of the Legislative Assembly,

The following is an overview of the policy agenda and targets in 2017.

In the coming year, the MSAR Government will establish its policy agenda as **“Development Plan in Progress for Building a Perfect Home”**, and will realise its policy targets in an active and steady manner.

Implementation of livelihood-related policies and measures

The MSAR has always attached the utmost importance to livelihood-related work. In the coming year, we will continue to implement various livelihood and welfare-related measures, refine the livelihood security system, improve and raise the overall standard of living of our residents, and uphold the spirit of striving for shared prosperity.

(1) Improving social security and implementing welfare measures

Taking into account the overall circumstances, we will have better coordination, continue to improve Macao’s social security system through the Social Security Fund, social support and social welfare, and enhance people’s livelihoods and welfare through a combination of short-, medium- and long-term policy measures. In 2017, the Government will continue to follow up the legislative procedures for the bill on the Non-mandatory Central Provident Fund System.

We will consolidate and improve the social support system. We propose continuing to disburse an extra one month’s full subsidy to families registered with the Social Welfare Bureau; and to provide special subsidies and special living allowances to the three categories of disadvantaged families. We will continue implementing a priority-based rent waiver scheme for public housing tenants, and provide temporary housing subsidies to eligible families on the waiting list for public housing.

According to the relevant assessment mechanism, we propose that the Minimum Subsistence Index in January 2017 should remain at 4,050 patacas. We will continue to implement the Short-term Food Assistance Programme.

Regarding elderly welfare, the pension and Old Age Allowance will remain at 3,450 patacas and 8,000 patacas, respectively.

Regarding students from families with financial difficulties, we will continue to disburse tuition fee subsidies every academic year: each kindergarten pupil or primary school student will receive 4,000 patacas, each secondary school student will receive 6,000 patacas, while each senior secondary school student will receive 9,000 patacas; a Stationery Allowance will be disbursed every academic year: each kindergarten pupil or primary school student will receive 2,200 patacas, while each secondary school student will receive 2,900 patacas; and a meal allowance of 3,400 patacas per student will be disbursed every academic year.

We will provide assistance to low-income, full-time employees. We will continue with the measures to provide a monthly subsidy of 5,000 patacas for eligible low-income, full-time employees. We will empower the underprivileged to achieve greater self-reliance through the Positive Life Programme and the Community Employment Assistance Scheme.

We will care for people with disabilities by improving their living conditions and guaranteeing equal opportunities of social engagement. In 2017, the Ordinary Disability Gratuity and Special Disability Gratuity will remain at 8,000 patacas and 16,000 patacas per year, respectively, while the Temporary Disability Allowance will remain at 3,450 patacas per month. We propose providing a subsidy of 5,000 per month to eligible employees with disabilities. Employers hiring people with disabilities will be granted a tax deduction of up to 5,000 patacas on profit tax or personal income tax per employee with disabilities.

The Government is exploring the feasibility of turning some of the temporary welfare measures into long-term measures based on a review of the welfare system.

We propose continuing the Wealth Partaking Scheme, through offering 9,000 patacas to each permanent resident and 5,400 patacas to each non-permanent resident in 2017.

Pursuant to the law on Provident Fund Personal Accounts, the personal

account of every eligible permanent resident of the MSAR may receive a 10,000-pataca initiation allowance from the Government. We also propose continuing to inject an extra sum of 7,000 patacas from the fiscal surplus into the provident fund account of every MSAR resident.

The Government will continue to disburse the Textbook Allowance. The allowances per academic year for each kindergarten pupil, primary school student and secondary school student will remain at 2,000 patacas, 2,600 patacas and 3,000 patacas, respectively.

We will continue to provide tuition fee subsidies for eligible Macao students who study in high schools or kindergartens in specified cities in Guangdong Province. The subsidies for each high school student and kindergarten pupil are up to 4,000 patacas and 6,000 patacas, respectively. The coverage of the subsidy will be expanded to Shenzhen and Dongguan.

We will continue providing a Stationery Allowance of 3,000 patacas to each Macao student pursuing tertiary education or postgraduate studies.

The Government will launch the optimised third phase of the Continuing Education Programme, in which each Macao resident aged 15 or above can receive a subsidy of 6,000 patacas for continuing education over a period of three years.

We will continue providing a healthcare voucher of 600 patacas to each permanent resident of Macao, and offering an electricity bill subsidy of 200 patacas for residential units. We will continue providing bus fare concessions for the elderly, students, people with disabilities, and other members of the public, and will provide a tap water tariff subsidy for residential units.

It is estimated that the above-mentioned subsidies, allowances and wealth sharing will cost the Government about 12.352 billion patacas.

The Government will continue implementing the following tax cuts and waivers: profit tax allowance will remain at 600,000 patacas; waivers of all business taxes, hawker licence fees, wet market stall rents, inspection and quarantine fees for live food, stamp duty on life or non-life insurance, and bank service charges; waivers of signboard taxes for businesses; exemption from tourism tax for restaurants; waiver of the first 3,500 patacas of real estate tax for Macao residents; waivers of stamp duty on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes; and waiver of real estate stamp duty on the first three million patacas of a

home's value for Macao permanent residents purchasing a residential property for the first time.

The Government will continue to implement the 30 percent exemption in personal income tax applicable to all Macao residents, with the basic allowance set at 144,000 patacas. We will also continue the 60 percent rebate of personal income tax payable by each Macao resident for the current year, subject to a ceiling of 12,000 patacas. The tax rebates will be disbursed in 2018, to relieve the burdens on the middle-income group.

The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenue by 3.32 billion patacas.

(2) Promoting family-friendly measures and tackling impact of ageing population

We will strive to formulate a comprehensive strategy for population development, promote family-friendly measures, protect maternal and child health, and encourage more healthy births to increase the fertility rate. In 2017, we will provide more than 7,000 subsidised places for child-care services for two-year-old toddlers, with a view to meeting the basic public demand for child-care services. We will also promote measures in support of breast-feeding.

The Law on Preventing and Combating Domestic Violence is in effect. The Government will continue to facilitate education on and publicity of the law, and will provide assistance and social support for family members affected by domestic violence. In the coming year, we will open an additional shelter and an additional integrated family and community services centre.

We will continue to lead the entire community to rise to the challenge of an ageing society. Having introduced the concept of active ageing, we will establish the first integrated elderly care facility in the Islands District, to enhance support for physically weak elderly persons and domestic healthcare for the elderly through the provision of one-stop healthcare services. We will optimise specialist medical services for the elderly and elderly healthcare clinics; improve the provision of consolidated treatment and rehabilitation services by multiple groups of specialists; and reduce the impact of chronic diseases on the elderly. We will also establish a solid medical and social service network for patients with dementia.

(3) Building a healthy Macao and improving health

To keep in line with the national strategy of “healthy China”, and to adapt to the needs arising from the development trends, we will adopt a multi-pronged approach in building a healthy Macao by promoting medical services and hygiene, Chinese medicine, sport for all and food safety, so as to allow the public to enjoy a contemporary standard of health.

Regarding medical services, we will uphold the principle of “improve medical services and prioritise prevention”, and optimise the primary healthcare services network model as recognised by the World Health Organization. We will also enhance cooperation between the Government, non-profit medical institutions and private medical institutions, to raise the standard of medical services.

We will improve the compilation of personal health management profiles and launch the “Electronic Health Record Sharing System” pilot scheme. The Territory-wide Health Survey was completed in 2016, and has entered the research and analysis stage, which will provide the scientific basis for the formulation of policies on medical and healthcare services. We will improve the comprehensive assessment of child development, build a database of children's development disorders and their early treatment, and establish a mechanism for coordinating and allocating medical resources for early treatment.

We will continue to optimise the Interdisciplinary Medical Taskforce; follow up regarding legislation on the System for Professional Qualification and Licensing for Medical Workers; and introduce the system of continuous professional development and examinations for professional qualifications.

We will expedite the construction of infrastructure for the medical and healthcare system, including the Islands District Medical Complex, the public hygiene specialist building, and the expansion of the primary healthcare services network. Next year, we will commence the renovation of the Bairro da Ilha Verde Health Centre and complete construction of the Ka Ho Rehabilitation Hospital on Coloane.

We will promote traditional medication and expand the application of Chinese medicine in the community. In 2017, we will finish formulating several food standards, thereby completing Macao's system of essential food safety standards.

According to the results of the third Macao Residents Physical Fitness

Assessment, there has been a notable improvement in the overall physical fitness of Macao residents compared to five years ago. We will continue to launch various popular sport activities, and complete the construction of the “Guiding Platform on Health Education for Macao Primary and Secondary School Students”. We will gradually optimise the competitive sports team structure, and establish a competitive sports management and training system that dovetails with Macao's actual situation. We will analyse the data on the per capita area of sports venues, and scientifically plan sports facilities in Macao.

(4) Perfecting the education system and expediting cultivation of talents

The bill on the Tertiary Education System is currently undergoing the second reading at the Legislative Assembly. We are also drafting the supplementary regulations and formulating the medium and long term development plan for tertiary education in an orderly manner.

We will expedite the amendments to the Code of Conduct for Private Schools. We will facilitate the amendments to regulations on special education and improve the curricula. We will also develop a mode of vocational education that suits Macao's development.

Young people are vital for social development and are the future of Macao. The Government will assist their growth and development through various initiatives. The results of the interim review of the Macao Youth Policy (2012-2020) will be announced in the coming year, to further improve the youth policy. Based on the Thousand Talents Programme, we will enhance the coordination and arrangements for selecting outstanding young people for having study visits to mainland China, so as to broaden their vision, raise their capabilities and cultivate their love for the country and Macao.

We will prioritise talent cultivation strategies to nurture elites, experts, professionals and skilled talents. Through collaboration with top-notch international institutions and organisations, we will select outstanding tertiary students, and young research and teaching staff in tertiary institutions in Macao for overseas exchanges, study and internship programmes.

We will develop a training programme for Portuguese-speaking professionals and facilitate exchanges and cooperation with talented individuals from mainland China and PSCs. We will implement the Chinese and Portuguese Bilingual Talent Training, Education and Research

Cooperation Subsidy Scheme in Macao tertiary institutions, thereby creating better conditions for making Macao a cradle for cultivating talented individuals who are bilingual in Chinese and Portuguese.

We will promote and assist in the vocational development of talented individuals in various industries. The Manpower Development Committee will compile a list of industries with labour shortages, and will commence research on the demand for talented professionals in the financial and construction Industries, to provide a reference on the vertical and horizontal mobility of talented individuals. We will continue to implement the pilot scheme of Short-term Work Placement for Returning Overseas Macao Citizens, to attract Macao residents working abroad to return to Macao for development.

Consolidation of the foundation for economic development

Looking ahead, the economic conditions in 2017 will be moderately influenced by the economic uncertainties of the global economy, after every economy in Asia has recently faced various challenges. However, we remain cautiously optimistic about the prospects for the economic development of Macao. According to the latest report of the International Monetary Fund and the forecast of the Monetary Authority of Macao, Macao's economy is expected to resume positive growth in the coming year.

(1) Promoting synergy and complementarities of diverse industries and establishing an overall business structure for the tourism and leisure industry

The Government is committed to raising the international competitiveness of the gaming industry; control and adjust its scope of development; improving legislation related to the industry; enhancing the supervision of gaming enterprises, gaming promoters and their associates; and promoting responsible gaming, to facilitate the healthy development of the gaming industry.

The Government will continue fostering synergy between gaming and non-gaming elements; encouraging gaming enterprises to further procure products and services of local small- and medium-sized enterprises (SMEs); and promoting further cooperation between gaming enterprises and catering and cultural and creative enterprises with local characteristics.

By the end of September 2016, the total number of tourists visiting Macao

exceeded 22.86 million. To keep in line with the target of building a world tourism and leisure centre, the MSAR Government will create favourable conditions for SMEs to take part in tourism related businesses through the construction of tourism facilities and auxiliary infrastructure, as well as adoption of preferential policies. In accordance with government policies, we will focus on promoting development of budget hotels, theme parks, and integrated shopping malls, to offer a wide range of accommodation choices, as well as tourism and shopping options that suit the needs of family visitors, hence attracting different types of tourists to Macao.

In the coming year, the Government will finish compiling the Master Plan for Developing the Tourism Industry of Macao.

(2) Fostering development of emerging industries and promoting adequate economic diversification

In the coming year, the Government will gradually implement the various projects in the five-year plan of the MSAR for cultivating emerging industries. We will also perfect the statistical benchmarks for adequate economic diversification of Macao.

The Government will further leverage its unique advantages; expedite the development of the industrial chain for the convention and exhibition industry; support the industry in bidding for more influential international conventions and exhibitions to be held in Macao; continuously raise the professional level and effectiveness of conventions and exhibitions; attract more high-end business travellers; and promote the development of more industries and SMEs in Macao.

We will further develop and promote the cultural and creative industry; facilitate training of professional and management talent for the industry; promote wider application of online information platforms; and arrange for participation of local cultural and creative brands in international showcases. We will build Macao's brand and promote the development of the cultural and creative industry.

We will increase investment of resources in the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park in Hengqin, and complete the construction of the research and development headquarters and the R&D testing tower. We will help enterprises operating in the park and other related enterprises in Macao to promote their products in PSCs, and enhance

the training and promotion of Chinese medicine in the international community.

We will consider the development of a niche financial service sector, with a focus on lease financing and wealth management; and improve the relevant regulation system, to attract large-scale lease finance companies to establish their bases in Macao, and facilitate the establishment of a Renminbi settlement platform for trade between China and PSCs.

(3) Supporting development of SMEs and enhancing enterprises' ability to innovate

To provide momentum to the economic development of Macao, the Government will continue helping SMEs to increase their competitiveness and ability to innovate. We will formulate the Action Plan for Small and Medium-sized Enterprises, and implement and optimise the existing support measures for SMEs.

We will continue to support the development of human resources for SMEs, and process their applications for employment of foreign labour when appropriate. We will make the best use of the unique community resources; promote collaboration between large-scale conventions, exhibitions and festivals and SMEs; and encourage the addition of more innovative elements while preserving our traditional features.

We will facilitate development of online and e-commerce markets by SMEs, to reinforce the momentum for growth. Through consolidation of information, we will encourage tourists to shop and dine in local neighbourhoods. We will consider establishing an "Online Certified Shop" system to protect consumer rights.

To support innovation and entrepreneurship by young people, we will actively promote collaboration between the "Young Entrepreneur Incubation Centre" and non-government organisations and institutions, and expand the coverage of the Young Entrepreneur Assistance Scheme, to further optimise the supporting measures for young entrepreneurs. We will encourage young people to engage in regional cooperation, and expand the scope of development for young entrepreneurs.

(4) Guaranteeing prioritised employment of local residents and enhancing regulations on the labour market

The Government will strive to protect the rights of local employees. Upholding the principle that foreign labour should only be employed in the event of local labour shortages, the current administration prohibits the import of foreign workers for gaming dealer posts within its term of office. We will take a strict approach in the approval of applications for employment of foreign labour; improve the exit mechanism for non-local employees; combat illegal employment; and guarantee prioritised employment of local residents. We will facilitate an increase in the proportion of local employees holding middle and senior management positions in gaming enterprises to 85 percent, to promote upward mobility of local residents.

We will improve the regulations on labour and employment to protect the legal rights of employees. We will amend the Labour Relations Law and prioritise issues related to paid paternity leave and overlapping leave. We will follow up the enforcement of laws related to the minimum wage for cleaning and security employees, to lay a solid foundation for the implementation of the minimum wage.

We will continue facilitating the provision of paid training for local employees by gaming operators and large-scale enterprises, and the organisation of vocational training that meets the needs of economic development. We will expedite the development of the system for implementing professional accreditation and vocational examinations. We will encourage residents to obtain high level certification, and expand the accreditation programmes for tourism, gaming and emerging industries.

(5) Deepening regional cooperation and integrating with national development

The MSAR Government will further leverage the advantages of “One country, two systems” and its unique characteristics to actively participate in regional cooperation, so as to achieve mutual complementarities and benefits, raise the effectiveness of cooperation and increase regional competitiveness.

As “Belt and Road” is a key initiative of the country, it has been incorporated into the MSAR’s five-year plan as the development strategy. The Government has established a dedicated working committee led by the Chief Executive Office, to coordinate the work related to Macao’s participation in the “Belt and Road” initiative. We will take advantage of the series of measures introduced by the Central Government in support of Macao’s participation in the “Belt and Road” initiative, which mainly include: broadening the scope of

cooperation in developing financial services; exporting high-end services with professional advantages; leveraging regional advantages to promote commercial and trade exchanges; focusing on cultural exchanges to promote people-to-people bonds; and deepening regional cooperation for better synergy. The Government will seize new opportunities and proceed with various tasks, to promote adequate economic diversification and increase overall competitiveness.

We will further implement the Framework Agreement on Cooperation between Guangdong and Macao. We will secure the opportunities arising from the establishment of Guangdong Free Trade Zones to facilitate the construction of the Guangdong-Macao Industrial Park in Hengqin, and will introduce more projects for development in the park. We will make good, full use of the preferential policies of CEPA, to foster liberalisation of service trade between Macao and mainland China.

We will facilitate the construction of major border crossing infrastructure, such as the Hong Kong–Zhuhai–Macao Bridge and the new Guangdong–Macao border crossing. We will enhance cross-boundary trade cooperation with Hengqin, Nansha (Guangzhou), Zhongshan, Jiangmen and Shenzhen. The arrangements for cross-boundary pleasure boats sailing between Macao and Zhongshan were approved by the Central Government this year. On this basis, we will strive to gradually promote the scheme to the three Guangdong Free Trade Zones: Nansha, Hengqin and Qianhai.

We will coordinate and plan for the strategic setup for regional cooperation, to expand the scope of development of the MSAR in an orderly manner. Regarding the Pearl River Delta economic ring, we will further deepen the “9 +2” regional cooperation within the Pan-Pearl River Delta (PPRD) region; regarding the Yangtze River Delta economic ring, we will prepare for the construction of the industrial park of Macao-Jiangsu cooperation; regarding the Beijing-Tianjin-Hebei economic ring, we will promote Macao-Beijing and Macao-Tianjin cooperation, to build the “Beijing-Macao Cooperative Partnership” brand. We will also explore opportunities for exchanges and cooperation between Macao and mainland China's central and western regions and north-eastern old industrial bases. We will continuously improve the mechanism for communications with Hong Kong, and fully leverage the functions of the Macao Economic and Cultural Office in Taiwan.

Building a happy and perfect home

To build Macao into a happy home for everyone, the MSAR Government has commenced work related to urban planning. With modern urban development concepts, we will take a macro perspective to coordinate urban construction, and arrange for auxiliary development in terms of housing, transportation and environmental protection. We will strengthen people's sense of identification with, belonging to and happiness regarding Macao.

(1) Specifying urban development strategy and formulating overall urban planning

The Macao Special Administrative Region Urban Development Strategy Study (2016-2030) will be completed by the end of this year, to specify the principles, concepts, values, functional setup and overall direction of the plan for future urban development. The Government will formulate overall urban planning according to the urban development strategy, and complete it in 2019.

In the coming year, the Government will continue to uphold the new concept of urban renewal, and commence the redevelopment of old districts whilst constructing new districts. We will facilitate urban renewal by providing temporary housing; formulate and amend relevant laws and regulations; gradually renovate, alter and reconstruct old buildings through achieving breakthroughs at key points, drawing experiences from isolated cases, and working on different districts and sections, so as to improve the living conditions and business environment in the old districts

We will expedite progress with planning for the new urban zone and the development of certain districts. We will strive to complete the reclamation work for New Urban Zone Area A next year.

In 2017, we will complete the preliminary study of the Medium-to-long-term Plan for Usage and Development of the Waters of the Macao Special Administrative Region (2016-2036), to come up with a comprehensive deployment plan and overall arrangements for the usage, development and protection of our waters in the next 20 years. We will enhance the study and planning of the management of waters, promote development of the maritime economy, and complete the demarcation of coastlines.

(2) Securing housing supply and improving living conditions

The Government endeavours to realise its policy objective of “Homes for all in a contented society”. We will continue to implement the public housing policy of “Public housing as the core supplemented by the Home Ownership Scheme”. The Government will optimise the workflow spanning applications for and allocation of public housing, tighten the approval procedures and raise the approval efficiency, thereby ensuring reasonable allocation of public resources.

There are currently 47,774 public housing units in Macao. It is planned that a total of about 12,600 public housing units will be constructed in the medium and long term, including 4,600 already planned units, as well as the Avenida Wai Long public housing project, which will be planned next year. This project is expected to provide more than 8,000 units and relevant community facilities. In the long term, we plan to construct about 28,000 housing units in New Urban Zone A. Next year, we will complete the final study report on Macao’s public housing demand, and commence planning of long-term public housing development based on this report.

We will handle cases of annulled land grants in accordance with the law, and raise the transparency of land use. As of September this year, the Government issued 38 orders to annul land grants involving a total land area of more than 400,000 square metres.

We will improve the monitoring mechanism for the quality of construction of public housing; and take into account auxiliary public facilities in a scientific, reasonable, balanced and comprehensive manner, so as to meet the people’s demand for education, medical services, recreation and sports, transportation and municipal administration. In the coming year, we will complete construction of the Seac Pai Van Public Housing Community Activity Centre.

While expediting the construction of public housing, the Government will also follow up on planning approval for private residential developments in a timely manner, to facilitate healthy development of the real estate market.

(3) Optimising the transportation system and improving commuting efficiency

The Government attaches great importance to mitigating transportation problems. We will continue to improve the bus route network, which comprises highways, trunk roads, ordinary roads and approach roads. We will amend the

draft bill on Legal System Governing Taxi Services. Starting from next year, 100 special taxis will gradually commence operation.

We will strictly enforce the vehicle control policy, to keep the annual vehicle growth rate within 3.5%. The new vehicle inspection centre will commence operation by the end of this month. Starting from next year, the interval of regular vehicular inspections will be shortened to eight years, to expedite the phasing out of old vehicles.

Four public car parks will be put into operation next year, providing over 3,600 parking spaces for light vehicles and motorcycles. Besides, we will set up the “Inspection and Administration System for Road Facilities”; regulate the approval of road works, and strictly control the duration of the works.

We will basically complete construction of infrastructure for the LRT Taipa line, and will commence the electrical installation stage. We will resume full operation of the Taipa transportation network next year, and will gradually green the routes. The LRT Taipa line is expected to commence operations in 2019.

We will expedite the construction of the Macao border crossing area of Hong Kong-Zhuhai-Macao Bridge; strive to complete the design of the fourth Macao-Taipa cross-harbour bridge in 2017, and commence construction of the bridge; commence operation of Taipa Ferry Terminal in the first half of 2017; make use of the special advantages of Macau International Airport, and promote the development of sea-and-air multi-mode transportation.

(4) Constructing a smart city and improving urban management

Developing into a smart city is an important aim for the future development of Macao. In the coming year, we will commence the study of the development strategy and overall planning for making government data publicly accessible in the MSAR, as well as the study of the application of big data in government statistics. We will also launch the Visitor Statistics Databank, to facilitate the complementarities of information of the Government and society. We will enhance the construction and management of internet infrastructure and expand the coverage of wireless networks, to facilitate the development of a smart city.

The city's public order will be enhanced. We will strengthen the police force through technology, enhance frontline deployment, and raise management efficiency. We will rationalise the functional relationships

between services concerned, and expedite the amendments to the Regulations on Fire Safety Technology. We will step up our efforts in carrying out fire safety inspections, and establish a centralised management and monitoring system for dangerous goods. We will complete the construction of the new civil protection centre and commence 24-hour per day operations, to boost coordination during responses to emergencies.

In accordance with the MSAR's need for managing its waters, we will improve the facilities of the three marine operational bases, with a view to enhancing the Customs' enforcement ability, and the capacity to cope with emergencies. We will explore new operating models for border crossing arrangements, and will introduce a new-generation system to facilitate automated border crossing for vehicles, to enhance border-crossing efficiency.

To fundamentally solve the problems of flooding in the low-lying area of the Inner Harbour, the Government is consulting mainland China regarding the construction of sluices. In the coming year, we will construct a stormwater pumping station in Macao's northern inner harbour; and commence modification of the sewage pipe network and separation of rainwater and sewage drainage in old districts. We will also continue to improve the water drainage networks of streets in the Macao peninsula's northern district, as well as urban areas of Cotai and Coloane.

We will complete construction of the new Macao wholesale market and the Patane Municipal Market Complex, and will attract more operators to run their businesses there, to create conditions for market liberalisation and stabilising commodity prices.

(5) Conservation of the natural environment and improvement of environmental protection measures

We will conserve the natural environment, promote harmony between humans and nature, and develop Macao into a pleasant and liveable international city.

We will implement the policy of "waste reduction at source, sorting and recycling", and advocate a civilised and healthy lifestyle that promotes environmental protection, low carbon emissions, and reduction of pollutant emissions. We will enforce the new exhaust emissions standard for in-use vehicles, and plan to introduce the use of electric vehicles; complete the formulation of the Macao Solid Waste Resources Management Programme

and the amendments to the List of Categories of Projects that Require Environmental Impact Assessment; and commence drafting waste reduction laws and regulations.

We will expedite the expansion of the incineration centre, optimisation of the Macao Peninsula Sewage Treatment Plant, and the design for the new sewage treatment plant on the Artificial Island of Hong Kong-Zhuhai-Macao Bridge. We will complete the Cotai natural gas trunk network construction project next year.

We will deepen regional cooperation on environmental protection and collaboration on treatment of pollution. According to the mechanism for cooperation on the disposal of Macao's inert construction and demolition materials in mainland China waters, we will commence work on the construction waste landfill next year.

(6) Safeguarding cultural diversity and promoting ethnic harmony

We will integrate and make good use of various public resources, to transform some of the old buildings into exhibition halls, and optimise and expand the art and culture environment. We will launch the Community Art Subsidy Scheme, to encourage community art groups to organise creative art and cultural events; cultivate creative talents; create a diversified cultural environment; enrich the cultural life of the people; and facilitate the development of a cultural city.

Macanese and Portuguese residents in Macao have contributed much to the development of the MSAR. The Government appreciates and values the social contribution of Macanese, and respects and protects their established culture.

Enhancement of public services efficiency

In the course of implementation of the five-year plan of MSAR, we will enhance cross-departmental synergy within the Government and strengthen its policy execution capacity. The Government has engaged Macao Polytechnic Institute as a third-party assessment and audit agent, to conduct analyses regarding community and public opinion from a professional, neutral perspective. The Government will also facilitate joint working meetings among departments, to assess progress with implementing the MSAR's five-year plan,

in order to make adjustment in response to factors such as overall balance and changes in circumstances.

We will uphold our service principle to serve the public, rationalise the administrative structure, facilitate public administration reform, and raise the efficiency of public administration and services.

(1) Facilitating structural adjustment of the Government and improving the civil service system

Upon completion of the first phase of administrative structural reform, the Government will commence planning for the second phase of reform, focusing on adjustments to functions of departments related to the economy and finance, as well as transport and public works. Besides, we will commence the study and analysis of the standards for the public administrative structure, demarcation of authority at different structural levels, and the auxiliary mechanisms.

In accordance with the Basic Law of Macao, the Government will next year begin devising a specific plan and drafting a bill for the establishment of a municipal organisation that is not an organ of political power.

We will further optimise consultation bodies and improve the channels for public participation in social affairs. In the coming year, we will promote the restructuring of consultation bodies related to economic industries, protection of consumer rights, and transport and public works.

Policy implementation requires efforts from and contributions by the entire civil service. After considering views and suggestions from civil servants' associations and the Civil Servant Pay Council, the Government proposes upwardly adjusting each point on the civil service salary scale to 83 patacas in January 2017. To improve the measures concerning caring for civil servants, the Government proposes increasing the housing allowance to point 40 of the salary scale. The related bill will be submitted to the Legislative Assembly for deliberation.

The Government will further optimise the civil service system, and will constrain the size of the civil service on the premise that the quality of public services will not be affected. We will continue forging ahead with performance assessments of department heads, and implement and enhance the accountability system for government officials.

The Government strives to develop e-governance, optimise cross-departmental workflows, and raise the quality and efficiency of public administrative services.

After the end of the term of office of the 5th Legislative Assembly in 2017, we will ensure that the 6th Legislative Assembly Election will fully realise the basic principles of fairness, impartiality and transparency in accordance with the stipulations of the amended Legislative Assembly Electoral Law. The Government will also facilitate democratic development in a gradual and orderly manner, and lawfully safeguard freedom of the press, freedom of publication and freedom of speech.

(2) Continuous improvement of the legal system and strengthening of legal governance

We will continue to develop the legal system in tandem with socio-economic development. In 2017, we will follow up on legislation for rectifying and adapting laws. Priority will be given to handling important bills concerning people's livelihoods and fundamental laws.

We will expedite the development of both software and hardware facilities of judicial bodies, thereby optimising their working environment. We will complete the fifth induction training programme and practical session for judicial officers of courts and Public Prosecutions Office. Through enhanced training, the officers will be equipped with both professional legal knowledge and social experiences.

Upon completion of the amendment of the Code for Private Notaries, we will organise induction training programmes for private notaries in response to society's needs, and to improve private notary services.

In accordance with the Basic Law of Macao, we will actively engage in issues related to international laws, and will intensify international judicial collaboration.

The Commission against Corruption (CCAC) performs its duties according to the law, to protect the public interest and people's rights in the MSAR. In the coming year, we will implement the "Jointly Build a Corruption-free Macao" programme in phases, joining hands with public departments, privately-owned enterprises, community associations and schools to build a corruption-free society. We will introduce anti-corruption education in various forms to promote awareness of integrity and law-abidance among civil servants and the general

public. To tie in with the Legislative Assembly Election in 2017, we will launch publicity activities on clean elections.

The Commission of Audit will continue exercising its authority in audit based on the principles of law-abidance and independence; optimise the internal management and work flow; expand the coverage of audit through application of advanced technology; and foster responsible and efficient public departments.

Concluding Remarks

President, members of the Legislative Assembly,

Building a perfect home and sharing a happy life is a splendid yet challenging historical process. In the light of this, we must proceed with full confidence and commitment to face and address actual problems, and meticulously devise a plan to steadily achieve the overall target.

With the support of the Central Government, we will join hands with the public in leveraging the advantages of “One country, two systems”. Within the overall strategic plan for national development, we will make good use of our unique advantages and characteristics, and seize the opportunities brought to Macao by our country’s development. We will deepen Guangdong-Macao cooperation; expand cooperation with other regions; actively take part in the national development strategy related to the “Belt and Road” initiative; and take construction of “One Centre, One Platform” to a new level. Through all these efforts, we will facilitate diversified economic development, as well as long-term sustainable development of Macao.

It is our splendid tradition to be loyal to our country and to Macao. It fosters Macao people’s sentiment for our home and country, and contributes to the harmony and unity of the entire society. We should pass on such values to our next generation, so that a spiritual bond can be established among people in Macao in their pursuit of a perfect home.

We must make the most of the motivation and innovation of all parties in the community, reach public consensus, and converge collective wisdom. We encourage and support youngsters to realise their dreams, and will create the space and conditions for their growth and development. We also encourage and support women’s extensive participation in social affairs. We will facilitate external communications through overseas Chinese. All the people in Macao may participate in building a perfect home, and share the achievements and happiness arising from Macao's social progress and development.

President, members of the Legislative Assembly,

We have turned our vision into a blueprint and clarified our targets. With

the full support of the Central Government and participation by the people in Macao, we are fully confident in seizing the opportunities and overcoming all obstacles, and will endeavour to fulfil our social responsibility and historic mission.

Finally, I extend my heartfelt thanks to the Legislative Assembly, all civil servants and the citizens of Macao for their support for our work over the past year. I also wish to express our sincere gratitude to the Central People's Government and all its representative offices in Macao for their full and long-term support for Macao's development.

This is the end of my report. Thank you, President and members of the Legislative Assembly.