

# **Policy Address for the Fiscal Year 2014 of the Macao Special Administrative Region (MSAR) of the People's Republic of China**

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# **Policy Address for the Fiscal Year 2014**

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## **Enhance Underlying Strength and Promote Sustainable Development**

### **Preface**

President, members of the Legislative Assembly

In accordance with 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 2014 for its debate and examination.

The Macao Special Administrative Region has been established for almost fourteen years. Over the first decade, with the strong support of the Central People's Government and the concerted efforts of the MSAR Government and the public, Macao overcame the challenge of disturbed public order, and revived a depressed economy, leading to a steady improvement in people's wellbeing. In other areas we also saw successes, by stages and to various extents. This year marks the fourth year of the governance of the third MSAR Government. Over these four years we have strictly abided by the Basic Law of Macao, steadfastly implemented the principles of "One country, two systems", "Macao people governing Macao" and a high degree of autonomy, and maintained a harmonious society and steady economic development.

For four years, in a rapidly shifting international macroenvironment, circumstances have posed grave challenges to the MSAR. Facing various difficulties arising from our own development and the surfacing of deep-rooted conflicts, we have had our shortcomings and still have room for improvement. We will

learn from our administrative experiences, gradually improve and enhance our governance. Leveraging the full support of the Central People's Government and the concerted efforts of Macao people, we have overcome difficulties and, building on a decade of development, maintained steady overall economic growth. During the period from 2010 to 2012, our average annual economic growth reached 19.5 percent. With a growth rate in real terms of 10.5 percent for the first half of this year, it is expected that we will maintain moderate economic growth for the full year. Solid employment conditions are reflected in an unemployment rate of 1.9 percent in the third quarter of the year. The establishment of the Fiscal Reserve System has facilitated stable and sound fiscal and financial conditions. As at September this year, the basic reserve amounted to 111.921 billion patacas, while the excess reserve amounted to 55.414 billion patacas. At the closing settlement of the fiscal budget for 2012, the excess reserve will amount to 128.175 billion patacas. Meanwhile, we have foreign reserves of 130.281 billion patacas.

The Government has strived to establish long-term mechanisms for effective administration, aimed at improving overall quality of life. We focused on concerns that directly affect Macao people such as social security, medical and health services and housing, enhancing system development, allocating more resources, and extending social security coverage by expanding the scope of primary healthcare and specialist medical services.

The Government laid great stress on education, as attested by the implementation of the 15-year compulsory education policy, the completion of the New Hengqin Campus of the University of Macau, increases in scholarships and student loans, and subsidies for continued education to foster talent in Macao. We implemented the Framework for Private School Teaching Staff to promote the professional status and career development of teachers. The proportion of the Macao labour force holding tertiary education qualifications has increased, from 22.9 percent in 2009 to 27 percent in 2012.

The Government honoured its promise and implemented the construction of 19,000 public housing units and the planning of "post-19,000 units" public housing projects, continuing to meet the housing demands of the public. The launch of policies and

measures also laid a solid foundation for healthy development of the real estate market.

We have attached great importance to food safety by strengthening legislation, prevention and education. Meanwhile, we stepped up efforts to maintain public order and governance and have handled emergencies prudently and effectively, protecting the lives and property of Macao people.

With the aim of establishing Macao as a world tourism and leisure centre, the Government promoted optimum diversification of the economy, and controlled the pace of growth of the gaming industry to achieve progress in an orderly manner. The combined efforts of the Government and the industry led to encouraging development of integrated tourism, reflected in improvements in sectors including retail, hotels and catering, as well as the nurturing of emerging industries including convention and exhibition, cultural and creative, and Chinese medicine. Through enhanced financial support, strengthened technical training and the promotion of overseas investment and visits, we spared no effort to help small and medium sized enterprises (SMEs) to upgrade, transform their businesses, expand and develop. We also boosted the construction of major infrastructure in Macao, leading to steady development in urban planning, environmental protection and cultural construction and thus fostering vibrancy in our city.

In the past four years, the Government has aggressively enhanced regional cooperation and promoted international exchange and interaction. We have forged a service platform for commercial and trade cooperation between China and Portuguese-speaking countries, advancing cooperation between China and Portuguese-speaking countries in the spheres of commerce, economics and culture. With the orderly implementation of the Framework Agreement on Cooperation between Guangdong and Macao, the two regions have reached the expected outcome of promoting synergies in various domains, especially in economic development and livelihood improvement.

The Government fulfilled its promise to implement scientific decision-making and sunshine government, leveraging the inputs of various consultation bodies, and proactively enhancing its understanding of people's needs. With the establishment of the

Policy Research Office, policy research was strengthened, and through the spokesperson system, administrative transparency was improved. We redoubled our efforts to foster integrity by reinforcing internal supervision, comprising the Commission Against Corruption (CCAC) and the Commission of Audit (CA), and highly valued public opinion. Through strict enforcement of a series of laws and regulations including the Code of Conduct for the Principal Officials in the MSAR and the System of Declaration of Assets and Interests as well as by intensifying education, the spirit of integrity was further promoted.

The Government has facilitated constitutional development by strictly complying with the Basic Law and relevant decisions made by the Standing Committee of the National People's Congress, and spared no effort to consolidate the fruits of that process. This year, with the scrutiny and participation of the citizenry, we completed the fifth Legislative Assembly Election in accordance with the amended Legislative Assembly Electoral Law, and new members of the Legislative Assembly were elected and appointed.

In the coming year, to realise our various policy objectives, we will intensify scientific policymaking, maintain a harmonious environment that is fair, just and corruption-free, and push forward with the continuous development of all our programmes and initiatives.

# Major Policies of the Government in 2014

## Enhance Underlying Strength and Promote Sustainable Development

President, members of the Legislative Assembly,

The following is an overview of the Government's policy plan for 2014:

Under the principle of "putting people first", the Government will promote the orderly development of the economy and society, laying emphasis on improving the social and material wellbeing of local residents. On our solid foundation, we will plan far ahead, and the Government will join hands with the Macao people to build a better home.

### **I. Accelerate development of long-term mechanisms and press ahead with livelihood projects**

The formulation of long-term mechanisms for effective administration is a lengthy and complex mission. We will take pragmatic measures to overcome the difficulties, balancing short-, medium- and long-term plans in order to maximise the efficiency of the long-term mechanisms. We will also constantly improve welfare and livelihood projects

#### **(1) Enhance resource investment and administrative systems**

On top of the four major long-term mechanisms covering education, social security, healthcare and housing, the Government will also allocate resources, provide platforms and create opportunities for the establishment of a long-term mechanism for cultivation of talent to ensure optimum economic diversification, in order to meet Government objectives for sustainable development.

#### **Long-term mechanism for manpower development**

Based on the principle of “Building Macao with talent”, the Government will establish a long-term mechanism for manpower development. We will develop education as an important approach to cultivate talent, putting the priority on fostering local capable personnel needed for economic and societal development. The Government will facilitate the synergy between families, schools, the government and the community; develop short-, medium- and long-term policies and resources; and set up a skills enhancement system that offers a second chance of education and builds a human resource pool of complementary skills.

We fully recognise that knowledge helps people realise their dreams and technology can create strength, while talent is essential to drive society forward. The Government’s aim to develop a long-term mechanism to cultivate local talent lays a solid foundation for the principle of “One Centre, One Platform”, to expedite the establishment of a skills pool and a strategic plan to cultivate skills and talent to facilitate rapid social development. Our goal is to enhance the overall strength of Macao’s human resources so that we continue to realise the principle of “One country, two systems”.

**Development of systems** – As well as improving the relevant laws and regulations in the education sector, the Government will also gradually formulate different systems to facilitate the development of a long term mechanism to effectively manage skills development.

**Development of a coordination and planning system for skills cultivation** – We will consider setting up a manpower development committee directly under the Chief Executive for the methodical planning of long-term skills training under a scientific approach.

**Enhance the skills database and develop a capability assessment system** – By categorising skills, we define our objective of cultivating different skill levels and types, as a basis for selecting the best and most qualified personnel.

**Expedite development of the system for implementing professional accreditation and vocational examinations -**

Currently, the Legal System for Accreditation, Registration, and Qualification in Architecture and Urban Planning and the Occupational Safety Card System for the Construction Industry have been submitted to the Legislative Assembly for deliberation. In the coming year, the Government will continue to promote accreditation systems in different sectors including social work, property management, and tourism, enhancing development opportunities for professionals in these sectors.

**Strive to establish a fair, just and open system for selection of candidates** – Through practical work, we will identify, evaluate, select and place skilled people, especially strengthening the cultivation of talented young individuals through systematic training under well-established programmes. By launching preferential policies for the development of outstanding local young people, we provide opportunities for able people to contribute to society through relevant schemes and channels.

**Improve incentive schemes** – We will encourage competition among, and the development of, able people by boosting incentives to enterprises and organisations, especially SMEs, that have been exceptionally successful in the cultivation of local talent, and to other professional or highly skilled people who have contributed to society.

**Measures and investment of resources** - The Government will invest more resources, moderately increasing public expenditure on manpower development as a proportion of GDP, to help realise a long-term mechanism for the cultivation of local talent. To this end, the Government will consider implementing the following measures:

Based on existing subsidised further education, practical training and specific education programmes, we have considered launching the Elite Cultivation Programme, Expert Incentive Programme and Applied Talent Promotion Programme.

**Elite Cultivation Programme** – We will identify the very best among talented people from all walks of life and send them abroad to study and pursue continuing education and training through collaboration and exchange programmes with renowned universities, public institutions and advanced enterprises in

mainland China and overseas. Our aims are to nurture talented local people and facilitate their career growth, and to build a pool of high-calibre skilled people for the ongoing development of Macao.

**Expert Incentive Programme** – Professionals in various areas who have laid strong foundations or shown proven performance will be eligible for assistance and support to pursue advanced studies, education or training to meet their personal needs and goals. Our aim is to promote the personal development of these professionals so they can further contribute to society.

**Applied Talent Promotion Programme** – To meet the needs of the MSAR's rapid and diversified development, we will step up our cultivation of, and training for, various desirable skills, especially people with industrial and technical knowhow who can help advance optimum diversification of our economy.

**Raise the proportion of local employees at management level in large corporations** – the Government will act to facilitate an increase in the proportion of local employees at management levels in large corporations, especially those in the gaming industry, to enhance junior staff's self worth and promote upward mobility of local employees through education and on-the-job training.

**Motivate return of talent** – We will set up a liaison network to maintain contact with talented Macao people who are studying or running their own business overseas. In addition, we will consider offering special remuneration to motivate these individuals to return to Macao.

**Cultivate talent in the social and public services** – The Government will invest more resources to support social groups, especially youth groups, to conduct various kinds of activity. We will step up our efforts to enhance young people's sense of social responsibility, mission and commitment, with the aim to train and nurture people with different qualities to support the development of Macao.

The establishment of a long-term mechanism for talent development is substantial and complicated. It requires solid institutional arrangements that are adjusted as needed to achieve a reasonable resource allocation, together with the contribution of the

entire community.

### **Four long-term mechanisms to enhance the well-being of society**

**Education** – Through strong support of systems and resources, we will construct a network that encompasses education for all, connecting the domains of non-tertiary education, tertiary education, vocational and technical education, special education, continuing education and lifelong learning. We will ensure that local residents can complete non-tertiary education, and provide them with opportunities to pursue tertiary education or even further studies, with the aim to help Macao people strengthen their competitiveness and enjoy upward mobility. By implementing the principle of “letting Macao thrive through education”, we will improve the overall quality of local human resources.

In order to enhance the social efficiency of continuing education and lifelong learning in line with the development strategy of optimum diversification of Macao’s economy, the Government plans to construct a vocational education centre in Seac Pai Van on Coloane. This will be a high-school-level centre for vocational and technical teaching and practice, serving as an educational facility for use by institutions that offer professional skills training courses, and as an educational base for practical training of related professions. In addition, the Government will set up a language training centre to improve language proficiency among Macao students. These two centres are expected to commence operations in 2016.

In the coming year, the Government will increase funding for special education and foster the development of special education, with the aim to relieve the daily burden on parents of looking after their children and to steadily improve the learning environment for students with special education needs.

The Government has stepped up its efforts to advance the overall improvement of tertiary education by developing component systems and increasing investment. The completion of the construction of the New Hengqin Campus of the University of Macau has injected fresh impetus and momentum to the development of local tertiary education. The Government will

adhere to the blueprint for the medium- and long-term development of tertiary education, pursue the formulation of relevant regulations, and impel tertiary education towards a new phase.

As well as substantially increasing the quota and amount of scholarships for students with excellent academic results, the Government is providing an integrated service platform for students through the establishment of the new University Student Centre. We support the implementation by tertiary institutions of student exchange programmes to broaden the horizons and life experience of students.

**Social security system** – By the operation of a contributory social security system, non-contributory social support and universal social welfare, the Government endeavours to maintain a multi-faceted and multilayered social security net through the balancing of short-, medium- and long-term policies and directing appropriate allocations of resources. The social security network is intended to maintain the basic quality of life of local residents, to strengthen their competitiveness, and to promote social justice and social stability.

The Government will conduct a public consultation on the voluntary central provident fund scheme, and implement its legislation in the coming year, to facilitate the formulation of the two-tier social security system.

In line with the Chinese virtue of care and respect for the elderly, the Government spares no effort in taking care of the retired and elderly. We have already completed relevant studies for the consolidation of old-age allowance and pension this year, and are currently commencing related schematic arrangements to simplify the procedures. In the coming year, the Government will also formulate a framework policy for the retirement protection system, developing a ten-year action plan for the provision of services for the elderly for 2016-2025, thereby cementing and perfecting the retirement protection system. To enhance support for families and communities for the elderly, in addition to reinforcing existing services, the Government will accelerate the expansion of existing homes for the elderly and the construction of new ones, and develop relevant manpower in this field.

The Government injected an extra five billion patacas into the Social Security Fund in 2013, and increased the proportion of the contribution from the gross gaming revenue to the Social Security Fund, from 60 percent to 75 percent. It will inject a further five billion patacas next year, to complete as planned the injection of a total of 37 billion patacas by 2016. Through effective yet prudent resource allocation, we support the payment and increase of different welfare and subsidies under the Social Security Fund, and ensure sustainable operation of the social security system in the coming years.

The Minimum Subsistence Index has now been adjusted upward to 3,450 patacas, and will be further adjusted in January next year under the relevant mechanism. In addition, as well as maintaining disability assessment measures and the distribution of disability gratuity, the Government has begun to formulate a ten-year framework policy for the provision and development of rehabilitation services, with the aim to improve rehabilitation facilities, home support and physical and mental health counselling services for the disabled and their parents.

The Government attaches great importance to the coordination of flexible supporting measures and the ongoing social services provision mechanism. It will cooperate with non-governmental organisations to expand the scope of social services, such as by strengthening training for professional and technical staff in relevant disciplines, with the aim of enhancing overall service quality.

**Medical and healthcare services** – The Government works tirelessly to establish a standardised and stable system with supporting peripheral services, allocating adequate corresponding resources, improving the efficiency of specialist medical services and the quality of medical services on top of the delivery of primary healthcare services to local residents, so as to improve the health of Macao people.

To safeguard the interests of patients and medical service providers, the Government has completed drafting the bill on the Legal System for Resolving Disputes in Medical Incidents, and submitted it to the Legislative Assembly for deliberation. Additionally, the Medical Affairs Committee has been established

and has commenced operations. Maximum effort is now being exerted towards implementing the Plan for Improvement of the Medical and HealthCare System, while the initial planning stage of the Islands District Medical Complex is completed, and now entering the land clearance stage. The opening of the Emergency Care Building of the Conde S. Januario Hospital, which offers a 24-hour emergency outpatient service and an elderly services zone, will further enhance the medical treatment environment and services.

The coordination of resources between public medical care and private medical institutions further strengthens healthcare, medical treatment and rehabilitation services for the elderly. The public hospital has this year established a cross-departmental geriatric working group at the Department of Medicine, which will coordinate the launch of integrated treatment services for elderly patients. In addition, the Government is planning to set up dedicated healthcare services zones for the elderly at all health centres in Macao. In a step towards protecting the privacy of patients, three hospitals and all health centres will conduct a trial run of the electronic medical records system for Macao residents in the coming year, aiming to improve the system of medical records transfer between different medical institutions, for the convenience of patients.

In addition to the development and expansion of health centres, the Government is also increasing provision of medical facilities in response to the completion of major public housing programmes. We are also gradually extending the opening hours of health centres, and coordinating with non-profit medical institutions to provide night-time and public holiday medical services, to enhance overall medical services provision.

Since the Prevention and Control of Smoking Law came into force, smoking control in the community has been effective and the Government will strengthen the legal enforcement of smoking controls in casinos and other entertainment establishments. In addition, through cooperation with cross-regional medical institutions, we will reinforce controls and measures related to infectious diseases.

**Housing** – The Government will further establish a long-term

mechanism to assure the security of housing supply. On top of the existing system and coordination of resources, we will promote balanced development between public housing and the private property market, and fully implement the housing policy of “homes for all in a contented society”.

New communities are gradually being formed now that the construction of 19,000 public housing units has been completed. The Government is expediting the development of ancillary facilities at public housing estates, including transportation, medical and health services, education and social facilities, for the convenience of residents. With the limited land resources available in Macao, the Government will continue to balance overall and local interests and formulate plans for the greatest social benefit. We will spare no effort in the development of “post-19,000 units” public housing, continuing to increase the land reserve for public housing development, and reclaim new land for residential use. The Government has commenced the legal proceedings to annul 28 land grants, and is proactively exploring a new housing supply model under the policy of “Macao property for Macao residents”. We will complete studies on this issue and commence public consultation in the coming year to explore the supply of new buildings under this policy.

To cope with the need for long-term development, the Government will amend the legal system on urban construction, and improve public housing schemes and laws regulating strata-title buildings management operations. We will continue to analyse the housing needs of Macao residents and the allocation of resources, in order to launch comprehensive medium- and long-term housing schemes. By accelerating planning approvals for private residential developments, we will increase market supply to safeguard local residents’ right to housing.

## **(2) Implement diverse measures to pursue social wellbeing**

Each measure that the Government introduces for the benefit of the public is a vital component of its long-term administrative mechanisms. In the coming year, the Government will make full use of public resources to respond to the impact of the changing economic environment on people’s daily lives, in order to support

the underprivileged in all aspects, to care for the elderly and to protect the young, and to relieve the inflation pressure faced by the public. We will further implement flexible short-term measures and intensify the sharing of the results of our economic development.

Pursuant to the law on Provident Fund Personal Accounts, the personal account of every eligible permanent resident of the MSAR received a 10,000-pataca start up infusion from the Government. To enhance the second tier of the social security system, we propose that an extra sum of 7,000 patacas from the fiscal surplus is injected into the provident fund account of every eligible permanent resident of the MSAR in the coming year.

The Government proposes that each permanent resident will receive 9,000 patacas, and each non-permanent resident will receive 5,400 patacas, under the Wealth Partaking Scheme. The Government also proposes to raise the old age allowance to 7,000 patacas for each eligible senior citizen in the coming year.

We will continue to reinforce the supporting measures provided to families of the underprivileged and various social groups. The Government proposes to continue to provide financial assistance to families with difficulties and disburse an extra one month's full subsidy next year to families registered with the Social Welfare Bureau. In addition, we will increase the special living allowances to the three categories of disadvantaged families, and further upwardly adjust the value of the special subsidies, including the education grant for children in single-parent families and the grant for nursing care and the disabled. The Government will also raise the income ceiling of the three categories of disadvantaged families to 1.8 times the minimum subsistence index to benefit additional families.

The Government will expand the scope of the Short Term Food Assistance Programme, including extending the implementation period from eight weeks to ten weeks, raising the income ceiling from 1.7 times to 1.8 times the minimum subsistence index, and providing one-off food assistance to families receiving food assistance for the first time, to promote assistance to this low income group.

In the coming year, we will step up our care for the disabled by

increasing the values of the disability gratuities from 6,600 patacas and 13,200 patacas to 7,000 patacas and 14,000 patacas respectively.

The Government will continue to provide rent waivers for public housing tenants for the whole year and to disburse temporary housing subsidies to eligible families on the public housing waiting list.

We will continue to provide financial allowances to low-income, full-time employees, who are eligible Macao residents, of up to 4,700 patacas per month. To enhance Macao people's employment competitiveness, the Government will continue to consolidate and strengthen on-the-job and pre-employment vocational training. We will continue to implement the Positive Life Programme and the Community Employment Assistance Scheme, as well as increasing referrals and visits, so as to empower the underprivileged to greater self reliance.

The Government will continue to offer healthcare vouchers of 600 patacas to each permanent resident and will once again offer an electricity fee subsidy of 200 patacas per month to each residential household.

We will maintain the expansion of education resources. In order to alleviate the financial burden on parents of buying textbooks, especially those with children in secondary schools, the Government proposes to adjust the amount of textbook allowances from 2,400 patacas to 2,800 patacas for each secondary student, while the amount for each primary student and each kindergarten pupil will remain unchanged at 2,400 patacas and 2,000 patacas respectively for the 2014-2015 school year. We will also continue to offer meal allowance and stationery allowances to students from families with financial difficulties, and propose to raise meal allowance from 2,600 patacas to 3,000 patacas, and raise stationery allowances from 1,700 patacas to 2,200 patacas and from 2,000 patacas to 2,500 patacas, respectively.

Moreover, we will provide a stationery allowance of 3,000 patacas to each Macao resident pursuing tertiary education or postgraduate studies at a local or overseas institution, to encourage students to study harder and read more books.

The first stage of Continuing Education Programme was well received by the public. To continue this encouragement to local residents to keep on learning, acquiring knowledge and enhancing skills, the Government will launch an enhanced second stage of the programme in the coming year. A three-year subsidy for continuing education will be provided to Macao residents aged 15 or above. The upper limit of the subsidy per person is increased from 5,000 patacas to 6,000 patacas.

The above subsidies, allowances and wealth sharing will cost the Government 11.313 billion patacas.

In the coming year, the Government will continue to implement the following tax cuts and waivers:

Starting from next year, an increase in profit tax allowance from 200,000 patacas to 300,000 patacas will be implemented to alleviate the tax burden on small and medium-sized enterprises (SMEs); a 30-percent exemption in personal income tax will apply to all Macao residents, with the basic allowance set at 144,000 patacas; waivers of all business taxes, hawker licence fees, wet market stall rents, inspection and quarantine fees for live food, and stamp duty on life insurance, non life insurance and bank service charges will be in effect; waivers of signboard taxes for businesses and exemption from tourism tax for restaurants will be provided; waiver of the first 3,500 patacas of real estate tax will be available; waiver of stamp duties will be provided on entrance passes and tickets for cultural and arts performances, exhibitions and entertainment programmes; waiver of real estate stamp duty on the first three million patacas of a home's value will be available for Macao permanent residents purchasing a residential property for the first time.

Since the middle-income group is the pillar of the development of society, the Government is highly concerned about their concerns and needs. After comprehensive consideration, the Government has decided to continue in 2013 the implementation of a 60-percent rebate of personal income tax payable by each Macao resident, subject to a ceiling of 12,000 patacas, to relieve the pressure on middle-income earners. Eligible residents will receive their 2012 tax rebate in 2014 and their 2013 tax rebate in 2015.

The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenues by 1.98 billion patacas.

## **II. Realise Macao's social development blueprint and continue the promotion of optimum diversification of the economy**

To achieve the stable advancement of "One Centre, One Platform" requires careful analysis and judgement of global economic trends and the prospects of the local economy. Through comprehensive analysis of many factors, we remain cautiously optimistic about Macao's economy in the coming year. Although the global economy has somewhat improved, the situation remains delicate. The Government will pay close attention to the international market environment and changes in capital flows. We will continue to implement sound fiscal and monetary policies, enhancing their prospectiveness, pertinence and flexibility, making adjustments as appropriate.

The Government attaches great importance to the improvement of the fiscal system and continuously fine-tunes the fiscal budget supervision mechanism. In the coming year, total Government expenditure is forecast not to exceed that of this year. The Government will speed up amendments to the Budget Framework Law, and abide by the principle of planning expenditure on the basis of income, as set out in the Basic Law of Macao, and will meet the requirements for achieving fiscal balance, taking account of the local GDP growth rate. Suitable amendments will be made in response to the actual and reasonable needs of social development and the progress of society. It is also a focus of the Government to properly manage public resources, ensuring the security and mobility of government reserves and optimising the investment strategy of such reserves to achieve prudent value enhancement.

The social development blueprint requires us to establish a scientific and forward-looking population policy. We will strive to thoroughly study and analyse opinions and suggestions gathered in the public consultation on Macao's population policy framework, and endeavour to complete our research on Macao's population

policy by next year.

### **(1) Support the development of all industries and develop a diversified economy**

Under the guideline of positioning Macao as a world tourism and leisure centre, we will conduct research on a medium-to-long-term plan for Macao's tourism development. We will consolidate existing visitor sources, explore new markets, and promote integrated tourism. By enriching our cultural tourism offering, we strive to reinforce the industry. We will establish Macao as a popular tourism destination by promoting multi-destination tours through regional tourism collaboration.

We will further step up our efforts in monitoring and regulating the gaming industry to ensure its healthy development. The Government is firmly implementing measures to prohibit the import of foreign workers for gaming dealer posts and to enhance training of local employees for the gaming industry. Meanwhile, we will actively encourage gaming operators to promote upward mobility of local employees by promoting more local staff to management positions. We will also support the gaming industry to diversify into other leisure industries, reinforcing non-gaming elements to sharpen its competitive edge.

We will make further efforts to promote the growth of other industries: convention and exhibition, cultural and creative, Chinese medicine, information technology and logistics. In the coming year, the Government will launch a new International Convention and Professional Exhibition Supporting Scheme to attract global conferences and exhibitions to take place in Macao, to further enhance the quality and scope of Macao's convention and exhibition capability. The newly established Cultural Industry Fund provides systematic support and opportunities for cultural and creative workers along the process from concept development to final production.

Ninety percent of enterprises in Macao are SMEs, and together they form the core driving force of optimum economic diversification and play a vital role in maintaining social stability. The Government has been supporting the development of SMEs as one of its primary policy objectives. As well as increasing profit tax

allowance to alleviate the tax burden on SMEs, we will launch further supportive measures for SMEs in the coming year, such as a new website development subsidy scheme, which will aid the SMEs to build their public profile and promote their products.

We will continue to support the fourth Scheme to Assist Long-Established and Unique Small or Medium-Sized Restaurants by lowering the application requirement. This scheme aims to improve the business environment for the traditional food and beverage industry and to preserve our culturally unique cuisine.

We will continue to implement the Financial Subsidy for Purchasing Environmentally Friendly and Energy-saving Products and Equipment Scheme, and raise the maximum financial subsidy amount from 500,000 patacas to one million patacas, to support and encourage companies, organisations and schools to purchase environmentally responsible products. The scheme especially assists SMEs to lower operational costs and urges the entire economy to save resources.

Towards the appropriate diversification of our economy, we are improving the quality of our human resources through occupational training and skills accreditation, which promotes employment and upward mobility through job referrals. The Government will strictly enforce the labour laws to protect local residents' employment rights. The "Protection of Creditor's Rights Arising from Labor Relations" bill will be submitted to the Legislative Assembly for deliberation and the "Protection Fund for Creditors" by-law will subsequently be promulgated. In the coming year, we will also adjust the compensation ceiling for unreasonable dismissal, and review the existing Labour Relations Law.

## **(2) Enhance regional cooperation and complement regional strengths**

In the coming year, to complement the National Twelfth Five-Year Plan and the further implementation of the Outline Plan for the Reform and Development of the Pearl River Delta, the Government will leverage its unique advantages to facilitate exchanges and collaboration with the mainland and other regions, expanding the space for Macao's development, enhancing economic sustainability, and thereby improving quality of life for Macao people.

The Government will further encourage industry to make full use of the Mainland and Macao Closer Economic Partnership Arrangement (CEPA) and preferential policies of the supplementary protocols by securing opportunities arising from the liberalisation of service trade between the Mainland and Macao.

We will further implement the “Framework Agreement on Cooperation between Guangdong and Macao” by commencing a comprehensive collaboration with Guangdong authorities. The collaboration will first consider key areas including Hengqin and Nansha, followed by Zhongshan, Shenzhen and other cities. The Assessment Committee for Macao Projects for Hengqin Development will encourage and approve investments from enterprises of various scales. We will soon commence efforts to attract capital and investment for the Guangdong-Macao Chinese Medicine Technology Park, as well as undertaking promotional activities. Facilitated by the Government, the Chimelong International Ocean Resort in Hengqin will provide a dedicated operation zone for Macao SMEs. Regarding the collaboration with Nansha, the Government will actively participate in the Nansha integrated business zone under CEPA, bringing forward the scheme for unhindered entry and exit of pleasure boats, providing education and training for the tourism profession, collaborating in the construction of a cruise home port, as well as expediting the processes that supply fresh food to Macao.

The Government will continue to sustain and deepen the cooperation mechanism with Fujian, Beijing and the Pan-Pearl River Delta (PPRD). Next year, in the tenth year of our cooperation with the PPRD, the Government will once again work hand in hand with Guangdong and Hong Kong to be the host of the 10th PPRD Regional Cooperation and Development Forum.

The Government will spare no effort in building a service platform for trading cooperation between China and Portuguese-speaking countries by providing quality training services for personnel from Portuguese-speaking countries. The Government will also fully support Macao enterprises, mainland SMEs and businesses from Portuguese-speaking countries to reach mutually advantageous outcomes.

The Government will further enhance the synergy effects in livelihood areas such as food safety and environment protection. We will also commence cooperation in new areas such as retirement protection and improvement of urban management. By extending opening hours at the border ports, we will facilitate border-crossing and improve related services for residents and visitors.

The Government will continue to participate in a number of cross-border infrastructure construction projects such as the construction of Hong Kong-Zhuhai-Macao Bridge and the extension of the Macao LRT into Hengqin in Zhuhai, towards improved regional cooperation. The new Guangdong-Macao border-crossing project will enter an accelerated phase next year with the commencement of the first stage construction, while we will explore new operating models for border crossing arrangements.

The Government will strengthen communication with Hong Kong through reciprocal collaboration. With the Macao Economic and Cultural Office in Taiwan in place, we will further facilitate collaboration between Macao and Taiwan with respect to tourism, trade and culture, such as providing contacts and other relevant services to Macao residents in Taiwan, especially young students.

The Central People's Government has approved the admission scheme for domestic helpers from the mainland. The first batch consists of 300 domestic helpers from Guangdong and Fujian. When the scheme is implemented, the quota will be increased in phases to 1,500 people.

### **(3) Build a liveable city and optimise our living environment**

It is the shared expectation of Macao people to enjoy their life in a livable city. With the highest sense of responsibility, the Government, together with the public, will build our city to be safe, civilised, healthy, tolerant and harmonious. It is our objective to strengthen and develop existing leisure facilities and services, balance the relationship between urban development and conservation of historical heritage, and safeguard our tangible and intangible cultural legacy. We will extend our efforts in cultural heritage education and the construction of cultural facilities, and

promote cultural and art education. While enriching the cultural lives of Macao people, we will also push forward cultural exchange, showcasing our diverse and unique culture to the world.

Macanese and Portuguese residents in Macao have contributed much to the intermingling of Chinese and foreign cultures over many years, which is vital to the establishment of the Macao Special Administrative Region. The Government respects all cultures and customs, and promotes harmony among the various ethnic, religious and cultural groups in Macao.

A key goal of the Government is to enhance residents' physical fitness. In an assessment programme, the overall physical fitness of children and adolescents was seen to have slightly declined. Therefore, we will continue to strengthen our support of sport for all and physical education in schools. Meanwhile, we will further improve our sports facilities, enhance our performance in competitive sports, to support the long-term development of sport here.

Urban planning is an important underpinning for urban construction and management. The Land Law, the Urban Planning Law and the Cultural Heritage Protection Law have been passed by the Legislative Assembly and will come into effect in March 2014, to the benefit of the overall and detailed urban planning of Macao.

In response to the nation's general environmental protection strategy, the Government will intensify environmental protection education, promote environmental protection activities, and enhance related legislation and law enforcement. The Government will expedite the establishment of the environmental impact assessment system, and will commence consultations in 2014. We will further facilitate the development of recycled water and the use of natural gas. As well as establishing a recycled water plant in Coloane, we will work to enhance the regional response capability on environmental issues, and join forces to establish high standards for the area in which we live.

In support of the entry into force of the Food Safety Law this year, the newly established Food Safety Centre will enhance food safety monitoring and control by undertaking various measures to strengthen risk management on food safety. Through publicity and

promotion of various kinds, we are dedicated to raising public awareness of food safety.

With the aim of establishing Macao as a world tourism and leisure centre, the Government will continue to improve the management of both hardware and software at all border checkpoints, enhancing Macao's capacity and service quality. We will upgrade our information forecasting system and implement measures for the convenience of tourists and visitors.

Urban development places additional demands on our transportation system. As the core of mass transit, the Light Rail Transit (LRT) system will help relieve the pressure on transportation and improve the traffic situation across the city. The Government has listened to the various opinions related to the NAPE routing of the LRT, and, after comprehensive analysis and evaluation, considers that the optimisation of some parts of the LRT routing is restricted by the new urban reclamation plan. Innovative thinking will be required to break through these constraints. The Government has submitted an official application to the Central People's Government, and it has recently been approved that, while the new urban reclamation areas remain unaltered, the scope of certain reclamation areas will be fine-tuned to appropriately increase the area of reclaimed land around Avenida Dr. Sun Yat Sen for the new arrangement, to accommodate both the peripheral NAPE routing and the roads in the outer ring. The next step is to commission experienced consultants to resolve technical problems, and to commence construction work as soon as possible.

In consideration of the great importance it attaches to the quality of bus services, the Government will focus on rationalising and improving the bus route network, and improving oversight mechanisms. We will actively and appropriately handle the takeover and transition of the operations of Reolian Public Transport Company Limited, to ensure stable provision of public bus services. The Government is highly concerned about the traffic and transport situation of Macao, and stands ready to improve traffic conditions by enhancing the road network. In addition, we have issued an additional 200 taxi licences to meet public demand.

The construction of a liveable city inevitably faces the problem of urban decay. The Government will make every effort to improve

the urban living and business environment by taking measures to revitalise our old districts and thereby enhance overall quality of life and the city's image.

Flooding problems are attributable to both longstanding causes and rapid socio-economic development. The Government will conduct a comprehensive evaluation of our surface water drainage system. In areas subject to flooding, we will expand capacity, divert rainwater flows, and improve the drainage network to enhance capacity. Relevant departments will step up cooperation and coordination, which, together with an improved reporting system, will minimise the inconvenience and economic loss brought by heavy rainstorms.

The Government will facilitate the healthy development of the telecommunications industry by fostering a fair competitive environment. With the imminent expiry of the existing concession contract for the terrestrial pay TV service, the Government will consider various development models for the television market to ensure that local residents enjoy lawful, high-quality services.

With enhanced effort to maintain relevant systems, public order in Macao remains peaceful and stable. In the coming year, we will further optimise human resources, strengthen the police force through technology, and intensify cooperation between the police and the public. Through education and law enforcement, we will promote safety awareness and understanding of the need to observe the law. By improving our emergency response capacity, we will prevent and combat crime more effectively, maintaining security and public order in Macao.

### **III. Enhance efficiency of public administration and improve quality of public services**

This year, the Government commenced the enhancement of its organisational structure and administrative mechanisms, and initiated a quarterly report system on the implementation of government policies and a performance assessment system for department heads. In the coming year, the Government will gradually implement various reforms to improve the efficiency of public administration.

Civil servants in Macao have been working diligently to serve the public, and have contributed to the sustainable development of society and the economy. To keep up with the times, civil servants must improve their overall capability to provide more effective public services. Since junior civil servants are one of our major concerns, we are supporting them through the implementation of supplementary measures, such as the provision of living subsidies, and have begun to improve benefits and remuneration for all civil servants.

In the coming year, the Government will amend the law relating to the organisational structure and operations of the Cultural Affairs Bureau and the Macao Sports Development Board, to support the migration of associated functions of the Civic and Municipal Affairs Bureau. In addition, we will adjust other functions of the IACM, consolidating and improving the broader structure of the Government.

Efficiency in public administration directly represents the governance capability of a government. In the past year, the Policy Research Office and other relevant departments conducted an in-depth study of the management system of the Government's performance, and formulated a preliminary plan. Under the plan, the Government has commenced performance assessments for department heads. In the coming year, we will deepen and improve the assessment system and study the feasibility of introducing an impartial appraisal organisation. The Government places great emphasis on the accountability of officials, which is integrated with the management of public administration performance, especially the implemented performance assessment for department heads. Through performance management, assessment of department heads and accountability of officials, the supervision, self-supervision and improvement of the Government can be achieved. In due course, the Government will consider establishing a special committee to coordinate and supervise these and related operations.

The Government has completed as scheduled the rectification and adaptation of laws previously in force in Macao, in which regulations that are still effective have been adapted. We will maintain close communication with the Legislative Assembly in relation to the performance of legislative procedures.

Mechanisms to coordinate legislative processes will continue to be reviewed and improved by the Government in respect of the system, procedures and coordination between departments, constantly improving legislative quality and efficiency.

The Government is dedicated to improving the legal environment through enhancing regional exchange and connections with other countries and regions on legal matters, to best safeguard the vital interests of Macao people.

The Government will review existing consultative bodies, restrict members of such bodies from doubling up positions, and set term limits for offices. While ensuring the continuity of the work of consultation bodies, we will increase their inclusiveness and transparency.

Freedom of the press and freedom of publication are core values of Macao. We earnestly respect these values, as witnessed by our careful attention to the opinions and recommendations of the media. We also continue to support local media in job training and education, facilitating better working conditions and protections.

In the new year, the Government will further enhance privacy protection and the maintenance of online security, stepping up education about online safety.

Next year, upon the receipt of the election review report, issued by the Electoral Affairs Commission for the Fifth Legislative Assembly, the Government will commence its review of the Legislative Assembly Election Law of the Macao Special Administrative Region in search of continuous improvement in the electoral system of Macao. Meanwhile, in strict compliance with the Basic Law and the Chief Executive Election Law, we will organise and supervise the election of the fourth Chief Executive in 2014, and ensure its smooth implementation.

Cleaving to the principles of fairness and integrity, the CCAC will continue to undertake its anti-corruption and law enforcement duties. By optimising its organisational structure and staffing, the CCAC will promote integrity in our community, handle complaints to the ombudsman, and strive to enable a corruption-free government.

The CCAC will thwart and combat all forms of abuse of power and corrupt behaviour, steadfast in its mission to uphold fairness and justice in society.

The Commission of Audit has this year, extended the scope of its electronic audits, to optimise its workflow and human resource deployment. In the year ahead, the CA will continue to strictly implement its audit and supervision functions, enhance the efficiency of follow-up auditing, and by perfecting a range of auditing operations, support and improve the government's performance management.

## Conclusion

President, members of the Legislative Assembly,

The third MSAR Government is entering its final year of its term and, meanwhile, marking the 15th anniversary of the establishment of the Macao Special Administrative Region. In the new year, by faithfully performing the mission entrusted to us under the Basic Law of Macao, the Government will adhere to the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy, and spare no effort in pursuing the objective of long-term prosperity and stability. In line with the interests of the nation and the MSAR as a whole, we will stand up to challenges and overcome adversity. Amid the rapid development of society, we recognise that the operation of our mechanisms of legislative coordination and improvements in our administrative organisation remain insufficient. We will strengthen our efforts to improve governance, and wholeheartedly build the special administrative region and serve all residents.

In the coming year, the Government will further implement its pledge of continuity and innovation, and toward building a harmonious society. We will consolidate and enrich our fruitful results in the development of Macao and share the joy of achievement with the public. We will facilitate balanced improvement in various respects, and continue to enhance our underlying strength. Leveraging our open-minded and innovative spirit, we will forge a society that is inclusive, harmonious and rational, and create a favourable environment for coordinated progress.

As we establish Macao as a tourism city, we also strive to build a city of leisure, striking a balance between human activities and the environment, and between development and conservation. By improving urban planning and management, we will build a safe and healthy city, safeguarding the sustainable development of the economy and Macao society.

In the new year, the Government will put economic development and people’s well-being as its administrative highlights. By promoting optimum diversification of the economy, the Government will nurture the emergence of various industries

and support the upgrading and business transformation of SMEs. We will maintain steady economic development and ensure the stability of our financial system. The full-scale cultivation of local talent will realise a better quality of life for all.

We will continue to enhance administrative systems, implement planning regarding legislation, improve laws and regulations, safeguard the fairness and justice of society under the rule of law. By implementing the concepts of scientific decision-making and high integrity, we will further improve our performance in public administration and governance, according to law. While realising our policy objectives, we will ensure the smooth completion of the election of the fourth Chief Executive, laying a solid foundation for the next phase of Macao's development and contributing to the realisation of the dream of the peaceful rise of China.

Finally, I extend my heartfelt thanks to the Legislative Assembly, the citizens of Macao and all civil servants for their support for our work. 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.