

Policy Address for the Fiscal Year 2015 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

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Converge collective wisdom to open new chapters**

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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 2015 for its debate and examination.

This year marks the 16th anniversary of the establishment of the Macao Special Administrative Region, and the first year of the fourth-term Macao SAR Government. With a stronger sense of responsibility and greater passion, we will spare no efforts in promoting the principles of “One country, two systems” and “Macao people governing Macao” and the implementation of a high degree of autonomy. We will fully understand and observe the Basic Law of Macao, persist in defending the sovereignty, safety, development and interests of our motherland, and maintain a prosperous and stable society over the long term.

With a pragmatic attitude, we will consolidate and build on our interim successes in various areas. With accountability, we will open our minds to public opinion, and strive to achieve continuous improvements in our work. With a reformative mindset, we will learn from our experiences to resolve problems, join hands with the people of Macao to make a good start, maintain stable progress, and open a new chapter for Macao’s development.

This year also marks the advent of an adjustment period for Macao’s economy against the backdrop of a complex and volatile external environment. We must be sober-minded, strengthen our vigilance against crises, and have a clear picture of the current and future situations, to achieve stable progress. We will grasp the opportunities arising from the motherland's deepened reforms and promotion of rule-by-law. We will enhance regional cooperation, explore new horizons for Macao’s development, and strive to resolve deep-rooted conflicts. We will progressively implement structural adjustments for industries, and maintain steady economic development and a solid employment rate. All these actions are to further improve the overall living standard of Macao people.

In the coming year, the essence of the speech of President Xi at the 15th Anniversary Celebration of Macao's Return to the Motherland and the Inauguration Ceremony of the Fourth-term MSAR Government will lead us to constantly improve our capabilities to rule by law, as well as foster solidarity and progress in further pushing forward the overall development of Macao.

Major Policies of the Government in 2015

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President, members of the Legislative Assembly,

The following is an overview of the Government's policy plan for 2015:

I. Join hands to weather internal and external changes

Currently, a slow recovery is evident in the global economy. Global competition has become more vigorous, and market risks are more pronounced. The global environment remains complex. The overall mainland China economy is still facing various uncertainties. This increases downward pressure on the economy, while new development opportunities arise amid adjustments.

After more than a decade of rapid development coupled with the impact of internal and external changes, Macao's gaming industry started to enter a consolidation stage in the second half of 2014. Despite the substantial difficulties and challenges for economic growth, Macao's overall economic fundamentals and development trend remain solid and unchanged.

In the short term, Macao's economic growth is slowing, leading us to expedite our promotion of adequate economic diversification. With the strong support from the Central People's Government, and the concerted efforts of the MSAR Government and the people of Macao, our economy has made leapfrog development, accumulating considerable momentum for future growth. In recent years, our economic diversification delivered interim achievements, laying a crucial foundation for stable economic development. In 2014, the gaming industry recorded gross revenue of 350 billion patacas, while non-gaming industries – including wholesale and retail, hotel, catering, construction and finance – recorded gross revenue of over 190 billion patacas.

The financial status of the Macao Government remains solid, with a budget surplus. By the end of January 2015, Macao's basic reserve amounted to 134.327 billion patacas, while the excess reserve amounted to 207.804 billion patacas. For the fiscal year 2014, the budget surplus amounted to 90.296 billion patacas. At the closing settlement of the fiscal budget for 2014, the excess reserve will amount to 298.1 billion patacas, and the total reserve will amount to 432.427 billion patacas. Meanwhile, we have foreign reserves of 133.343 billion patacas. Looking at the economic prospects for this year, we will maintain cautious optimism, and be prepared for adverse situations.

II. Build a liveable city and share quality living

Building a liveable city is the cornerstone for establishing a world tourism

and leisure centre. The Government will strengthen its efforts in coordination and planning, and place emphasis on design at the top level, while accelerating the construction of a liveable city.

(1) Formulate a medium-term construction plan and launch short-term solutions

The Committee for the Establishment of a World Tourism and Leisure Centre, chaired by the Chief Executive, will soon be formed. Its priority is to come up with a five-year development plan based on the foundation of the Government's previous work. The plan will include policies regarding favourable measures related to living, work, transportation, tourism and entertainment. The Government will also speed up its formulation of a population policy, to enable the plan to realise top-down decision-making, overall correlation and feasibility.

The five-year development plan is the focus for all aspects of annual policy-making and administration, integrating the results of implementation with the performance appraisal system. The Chief Executive Office will be responsible for the cost of auxiliary staff to support the Committee for the Establishment of a World Tourism and Leisure Centre, to fulfil the objective of saving administrative resources.

A liveable environment is closely related to caring for livelihoods. While setting its medium-term plan, the Government also makes adjustments to the following short-term relief measures, which are additional to the ongoing relief measures set out in the Macao SAR Budget 2015, which include the Wealth Partaking Scheme, financial subsidies and tax cuts and waivers, while stepping up its support for small and medium-sized enterprises:

- The Minimum Subsistence Index, which was increased to 3,920 patacas in January, will be further adjusted in July, according to the existing mechanism;
- The Daily Food Aid budget under the Short-term Food Assistance was increased to 38 patacas early this year;
- It is proposed that the Ordinary Disability Gratuity be increased to 7,500 patacas per year, while the Special Disability Gratuity will be increased to 15,000 patacas per year;
- It is proposed that the Old Age Allowance be increased to 7,500 patacas per year, while the Pension will be increased to 3,350 patacas per year;
- The Learning Subsidy Scheme for Students Studying Outside Macao is launched, to support students from low income families to broaden their horizons;
- It is proposed that the Textbook Allowance per school year be

increased to 3,000, patacas for secondary school students, 2,600 patacas for primary school students, and 2,000 patacas for kindergarten pupils;

- To care for students from family with financial difficulties, it is proposed that the Meal Allowance be increased to 3,200 patacas for all students. Moreover, each kindergarten pupil or primary school student will receive a Stationery Allowance of up to 2,100 patacas per school year, while each secondary school student will receive up to 2,700 patacas per school year;
- To alleviate tax burdens on small and medium-sized enterprises, it is proposed that profit tax allowance be increased from 300,000 patacas to 600,000 patacas; and
- It is proposed that the maximum credit guarantee loan amount under the SME Credit Guarantee Scheme be increased from 5 million patacas to 7 million patacas, while the guaranty ratio remains at 70%.

(2) Housing, transport and environmental protection are administrative priorities

Housing, transport, and environmental protection are important livelihood issues that are critical for maintaining social harmony and stability.

Housing - Upholding the principle of “homes for all in a contented society”, the Government enhances a long-term mechanism for effective administration to assure housing supply. We will thoroughly review the public housing policy and speed up improvements to relevant laws and regulations. After extensive public consultations, the Home-Ownership Scheme Housing Law will be partially amended to enhance administrative efficiency, and the corresponding bills have entered legislative procedures. In addition to the existing Urban Planning Law and Land Law, the Government will coordinate the formulation of a long-term public housing strategy.

To maintain a steady supply of public housing, the Government will implement the following:

- Conduct comprehensive research on existing land resources and establish a corresponding database, rationally allocate land resources for public housing and strive to adjust the land reserves at five locations, on which more than 4,000 public housing units can be built;
- Actively process idle land. Among the previously announced 48 pieces of idle land, 22 have entered the final stage of land grant revocation, and will soon be published in the *Official Gazette of Macao*;
- Implement adjustments to the plan for development of the new Urban Zone Area A, thoroughly review and plan the transportation network

and community facilities of the newly reclaimed Area A and other connected areas, realise the target of constructing 28,000 public housing units, pay close attention to the progress of works, and complete the land reclamation project according to the plan; and

- Support the long-term development of Macao by conducting a comprehensive review and analysis of the plans for development of Areas B, C, D and E, and start listening to public opinion through consultations.

The Government will continue improving progress with and supervision of public housing construction, and the allocation and management of public housing. We will expedite the study on introducing new public housing categories and improve the overall living conditions of local residents. We will conduct a public consultation on the review of the public housing scheme this year, to perfect the existing mechanism for exit of well-off public housing tenants, with the aim of promoting reasonable utilisation of public resources.

We will implement the urban renewal concept and facilitate redevelopment of old districts, to create room for urban development and a quality living environment.

The healthy development of the housing market is closely related to economic stability. The Government will improve the approval procedures for construction projects, and expedite the amendments to the Legal Regime of Urban Construction and the drafting of the Strata Title Buildings Management Commercial Operation Law. We will closely monitor the real estate market and continue to improve the market operation environment, implementing measures as appropriate to enable stable development of the real estate industry.

Transport - The Government will begin formulating the overall objective of traffic management, improve scientific governance standards, and extend the application of traffic information via just-in-time messaging. Through supervision of traffic and road works, we aim to reduce repeat road excavations, and step up road safety education and law enforcement, to focus on solving traffic congestion problems and conflicts between pedestrians and vehicles. We will control growth in vehicle numbers in a number of ways, and follow up the amendments to relevant systems regarding reserved parking spaces in buildings that are under construction, to reduce the difficulties encountered by people riding on public transport, driving, and parking.

The Government will strengthen supervision and law enforcement regarding taxi operations, issue more licences for special need taxis, and adjust the number of taxis according to actual circumstances. We will conduct research on deploying electric vehicles, encourage the use of environmentally friendly vehicles, replace highly-polluting vehicles, and amend relevant laws and regulations. We will optimise the operating model of bus services, and adjust and control the number and routes of casino shuttle buses, to ease traffic pressure on roads.

The Light Rail Transit (LRT) is an important transportation system for Macao. After numerous rounds of public consultations and with support from the Central People's Government, certain reclamation areas will be fine-tuned to solve the routing design problems of the NAPE section. Regarding the construction delay, the Government is actively implementing practical measures to resolve existing technical problems of the Taipa line, and finalise the routing and budget of the Macao peninsula line, so that the construction can soon fully commence.

The work to enhance the Outer Harbour Ferry Terminal has delivered positive results. The Government will finish the related work as soon as possible, and meanwhile proceed with the construction of Pac On Ferry Terminal, Taipa. We will continue to optimise the facilities and services at Macau International Airport, and expand inbound and international air routes. The rationalisation process for developing the fourth cross-harbour route has commenced, to create a better travel environment for both local residents and visitors.

Environmental protection - The Government strictly complies with the Kyoto Protocol, which is applicable to Macao, and China's general environmental protection strategy, to enhance urban environmental protection and ecological civilisation. We will reduce carbon dioxide emissions, raise environmental protection standards and strive to improve urban air quality. We will advocate conservation of water and electricity, effective use of resources, and promote public awareness of environmental protection.

Upon the new Noise Law coming into effect, the Government will enhance coordination between departments on promotion, education and law enforcement, to build a quiet and peaceful living environment for residents. We will commence a public consultation on the System for Environmental Impact Assessments, accelerate amendments to the laws and regulations on vehicle exhaust emissions and quality of vehicle fuels, and further promote the use of natural-gas buses.

This year, the Government will implement an inert construction and demolition materials and scrap vehicles reuse project in Guangdong, and begin building both hardware and software facilities.

(3) Strengthen security and safety

Security and safety is crucial for a liveable city. We strive to establish a prevent-and-combat security mechanism, strengthen the police force through technology, and build a quality, efficient and disciplined police team. We will also step up police-public cooperation, enhance publicity and law enforcement, and prevent and combat crimes, to maintain Macao's public order and safety. We will raise our security awareness, strengthen our ability to respond to dangers, and optimise inter-departmental crisis management mechanisms.

We will strengthen cooperation with the World Health Organization, the Ministry of Health and nearby regions, to prevent and control new types of

influenza. The Government implements a strict monitoring and supervision mechanism, and maintains a reserve of anti-viral medicines and other materials for protection against seasonal influenza. People at high risk will have higher priority for receiving immunisation, thus boosting anti-viral immunity.

We are highly concerned about all areas of people's safety. We will ensure food safety by enhancing food inspection and management standards, and widen the scope of inspections. We will also enhance weather monitoring and forecasting, and improve sewers and drainage systems in all districts, to progressively resolve flooding problems.

The Government will complete the 4G licensing this year, to introduce advanced mobile communication technology, raise network speeds, and provide better services to local residents and tourists.

(4) Forge stronger social bonds

As Macao is a city of culture where East meets West, the Government attaches importance to the balance between urban development and heritage conservation. We protect our own deep-rooted cultural heritage while enhancing local culture development. By perfecting our cultural facilities, we strive to enrich Macao people's cultural life. We cultivate local talents and promote arts and creativity. We strive to conserve the Historic Centre of Macao, to showcase its vitality against the backdrop of modernity.

We advocate loyalty to our country and to Macao through popularised and intensified civic education. We uphold the values of hard work and self-empowerment, respect for the elderly and care for children; promote mutual understanding and love; and emphasise cultural heritage succession.

We will continue to leverage the advantages of a multi-cultural society, and consolidate the exchange platform between Macao, Portuguese-speaking countries and the international world. The Macanese and Portuguese residing in Macao have long played a major role in facilitating Macao's development and cultural exchanges between China and foreign countries. We strive to achieve more fruitful results with our spirit of mutual-respect, inclusiveness and rationality. We will continue to support Macao people who are working overseas, and function as a bridge for our "bringing-in and going-global" strategy. The Government will continue to unite various industries and sectors, and jointly build a harmonious and stable society.

III. Facilitate adequate economic diversification

Adequate economic diversification is the trend of Macao's overall economic development, and among the highlights of Government policy. While stabilising our leading industry, we also reinforce non-gaming elements and speed up adequate diversification of the economy.

(1) Maintain healthy growth of the gaming industry and develop other

emerging industries

After ten years of liberalisation and rapid growth, the growth of Macao's gaming industry has begun slowing. The Government will strive to control the pace of growth without affecting its momentum, to achieve stable development of the gaming industry amid adjustments.

The Government will conduct a general review and analysis of the development of Macao's gaming industry since its liberalisation, and seek solutions to problems. We will improve relevant laws and regulations, strengthen supervision, regulate gaming operations and continue to promote responsible gaming. We will require gaming operators and corporations to fulfil their responsibility to provide accommodation and transportation for their non-local employees.

Macao has been selected as one of the "Top 10 Regions for Travel 2015" for its charismatic fusion of Chinese and Western cultures. This helps us to explore diverse tourism markets and establish Macao as a world tourism and leisure centre.

The Government is highly concerned about the tourism carrying capacity of Macao, especially focusing on the fact that visitors from mainland China are the major tourists in the local tourism market, and the festive periods during which tourist arrivals peak. We closely communicate with the Central People's Government and relevant mainland China departments, to reflect our actual situation, seek to adopt a balanced development model to ensure local residents' quality of life, with the hope of making our tourists feel at home. Also, regarding the tourism carrying capacity during the Chinese New Year holiday, we will submit a report to the Central People's Government on optimising and adjusting the existing "Individual Visit Scheme".

We support bidding for organising international conventions and exhibitions in Macao, provide support to cultural and creative, Chinese medicine and other industries, and foster the environmental protection industry. We will establish a system of statistical benchmarks for measuring development of nascent industries, provide reference data for the formulation of industrial policies, and focus on enhancing competitiveness and growth of our emerging industries in the market.

We encourage local cultural development and creativity through subsidy schemes. The Cultural Industry Development Fund has been established to formulate the Cultural Industry Incentive Scheme, with the aim of supporting enterprises, individuals and groups who make significant contributions to Macao's local cultural scene.

Traditional Chinese medicine enjoys a long history in Macao. Two state key laboratories established in Macao have achieved encouraging results in modern research in traditional Chinese medicine, with the support and aids from the motherland. Additionally, we are facilitating the merger of the state key laboratories in Macao, the WHO Traditional Medicine Centre under

planning and the Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park, Hengqin. We set international standards for Chinese medicine, promote synergy and innovation between the industry and the academic and research community, speed up the industrialisation and commercialisation of the research results, and jointly build a platform for the modernisation and internationalisation of Chinese medicine.

We will commence research on repositioning Macao's industries, and support brand-building featuring "Made in Macao" and "Macao Creations". We prioritise purchasing locally designed and made products in the public sector, and encourage gaming operators to prioritise using products designed and made in Macao.

(2) Support expansion and development of small and medium-sized enterprises

While supporting healthy development of large enterprises, the Government also creates development opportunities for small and medium-sized enterprises (SMEs), explores regional markets, and helps SMEs with transforming and upgrading their businesses.

We will continue to optimise support schemes for SMEs, provide them with a better business operating environment, implement the Scheme to Support Operations of Long-established and Unique Small or Medium-sized Restaurants, and assist long-established and small shops to explore business opportunities.

We propose amending relevant laws and regulations to reserve space for SME development in the new urban reclamation areas and public housing estates that are completed or under construction. In 2015, the Government will amend the Building Maintenance Fund by-law, extend the scope of subsidies to safety, environmental hygiene and maintenance of public areas of industrial buildings. We will also establish an import, export and re-export credit insurance scheme, to lower enterprises' trading risks.

(3) Consider establishing the SAR Investment Development Fund and a long-term mechanism for allocation of fiscal surpluses

Since the establishment of a fiscal reserve system, Macao's fiscal surplus has been at a satisfactory level. Given the current relatively ample fiscal surplus, and the pressure an ageing society imposes on social welfare expenditure, the Government is considering the allocation of a certain proportion of its reserve to establish the SAR Investment Development Fund, to make better use of resources, enhance returns, and benefit people's livelihoods.

Meanwhile, the Government will consider establishing a long-term mechanism for allocating fiscal surpluses. The proposed mechanism places an upper limit to the excess reserves, based on the current fiscal reserves system, to enable sufficient fiscal surplus for supporting and ensuring people's

well-being, realising a fair, reasonable and systematic allocation of wealth in society, with the aim of achieving social stability and giving people peace of mind.

The Government will further strengthen monetary supervision in Macao, and pay close attention to the complex and volatile global financial backdrop and the latest local economic adjustments. We will adopt timely and effective measures to minimise financial risks, and to safeguard Macao's financial system.

(4) Protect employment rights and raise labour competitiveness

To ensure stable economic development and promote progressive structural adjustment, it is important to place an emphasis on protecting local residents' employment and improve the income of local grassroots employees. The Government aims to progressively introduce a comprehensive minimum wage system, after the draft bill on Minimum Wage for Cleaning and Security Employees in the Field of Property Management has passed its second reading. We will also amend the Labour Relations Law, improve the Law on Employment of Non-Resident Workers, protect local workers' employment rights, and consider introducing paternity leave for men. By promoting vocational training, we strive to strengthen local employees' competitiveness, and provide more support for local residents, especially grassroots employees, to enhance their upward mobility. The Government is also considering whether to establish a monitoring mechanism on upward mobility of local residents, and progressively attain the goals of macro-adjustment of human resources structure and localisation of middle- and upper-level personnel.

The Government firmly prohibits import of foreign workers for gaming dealer posts. We will establish skills training programmes for gaming industry employees, to provide further education or continuing education opportunities for local gaming industry employees who have not received tertiary education. We also follow up on the establishment of a licence system for gaming industry employees, and promote professional certification for the gaming and related industries.

(5) Widen the scope of exchanges and deepen regional cooperation

The Government has officially submitted its recommendations on the chapter related to Macao of the Thirteenth Five Year Plan, based on the opinions collected from various sectors. Through the formulation and implementation of the outline plan, we will expedite the establishment of Macao as a world tourism and leisure centre and a platform for commercial and trade cooperation between China and Portuguese-speaking countries, achieve adequate economic diversification, enhance overall competitiveness, and facilitate continuous improvements in people's livelihood.

Currently, Macao has entered a new phase of development in its regional cooperation, unveiling a cross-region, multifaceted cooperation model. The Government follows the trend of the times for peace, development,

cooperation and complementing one another, and strives to push regional cooperation to a new stage. We fully leverage our unique advantage of cultural similarities between Macao and Portuguese-speaking countries, and make use of the “Grand Culture and Huge Landscape” concept in expanding the structure of multiple cooperation and services platform between China and Portuguese-speaking countries, to cover areas including culture, arts, education, sports, healthcare, law and talent cultivation. We start with interconnections, spreading information for multilateral cooperation and converging multiple models for cooperation. In line with the state’s direction on the establishment of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, the Government will enhance trade and cultural exchanges with ASEAN countries, and shape a more diverse and vibrant multiple cooperation and services platform.

We shall make good, full use of CEPA and its related supplementary agreements. In compliance with the general requirements regarding the State Council’s approval of the commencement of work on specifying the MSAR’s jurisdiction over its customary waters, we closely cooperate with related departments of the Central People’s Government in facilitating the related work.

The Government strives to implement the targets set in the Framework Agreement on Cooperation Between Guangdong and Macao, and deepens its cooperation with Guangdong Province on liberalisation of trade and system reform and innovation. The efforts to establish cooperation platforms with Hengqin, Nansha and Cuiheng New Areas in Zhongshan have achieved interim success. The arrangements for cross-boundary pleasure boats sailing between Macao and Zhongshan are scheduled for completion by the end of this year. The Government will strive to acquire national policy support, and continue to explore new operating models for border crossing arrangements, with the hope of early completion of the new Guangdong-Macao border checkpoint, and better realise the policy of 24-hour border crossing.

The Government continues to deepen its cooperation with the Pan Pearl River Delta region, Fujian and Beijing, enhance the communication mechanism with Hong Kong, and fully leverage the function of the Macao Economic and Cultural Office in Taiwan.

IV. Perfect livelihood measures and jointly build our sweet home

The Government adheres to the principle of pursuing economic development and people’s well being, and strives to consolidate and enrich livelihood projects, enabling Macao residents to truly share the fruits of development and a joyful life.

(1) Strengthen administration of livelihood measures to benefit the underprivileged

The Government is expediting the formulation of the long-term mechanism for effective administration of social security, to consolidate the

fundamental social security network for Macao residents. We also adopt measures to overcome the impact of inflation, focus on expectation management of inflation, release information in a timely manner, and formulate related strategies, to reduce inflationary pressures that affect people's everyday life.

The Government is endeavouring to complete the establishment of a two-tier social security system. While increasing contributions to the Social Security Fund, the Government actively considers establishing a fund allocation mechanism that links any fiscal surplus with the Social Security Fund, to ascertain its sustainable operation.

The Government is highly concerned about the ageing trend in Macao society, and cares for the elderly in all aspects. We will expedite construction of homes for the elderly, allocate more resources, and enhance cooperation with NGOs, to expand home care services. The Government strives to complete the formulation of its ten-year action plan for elderly services development, to ensure all elderly citizens are properly taken care of.

The Government also strives to formulate the ten-year development plan for rehabilitation services, and is considering the establishment of a long-term protection system for the disabled. We will increase quotas for residential services, and establish more integrated services centres, to help the disabled to rehabilitate and reintegrate into society.

The Government will refine family-friendly policies, and focus on solving the existing problem of insufficient quotas for child care. We are expediting the establishment of a human resource plan and a mechanism to evaluate demand for social service organisations to enhance staff training. We also strive to introduce legislation for professional social work certification within this year. We will integrate and optimise social support and social welfare projects, and launch a new social service subsidy scheme, to allow more rational use of social resources and better serve our citizens.

(2) Realise the principle of letting Macao thrive through education and value cultivation of the younger generation

The Government will press ahead with the establishment of a long-term mechanism for education, focus on optimising the 15-year compulsory education policy, and fully implement its ten-year development plan for non-tertiary education. The Government is also formulating an outline development plan to strengthen vocational and technical training and continuing education, to conform to Macao's adequate economic diversification.

We will also improve special education, safeguard fairness in education, enhance popularisation of science and technology and education, and continue to raise the overall quality of local citizens. The Government will expedite the establishment of a long-term tertiary education development plan. The amended bill on the Tertiary Education System has passed its first reading

at the Legislative Assembly, and will help to promote sustainable development of higher education.

Macao's future belongs to the younger generations, and our hopes are entrusted with them. The Government will continue to implement youth policies, establish a young entrepreneur incubation centre to enrich young people's business knowledge and management skills, support participation by young people in cooperative regional economic development, and help them to set their goals and realise their dreams.

The Government is building a platform for youth development through a long-term mechanism for education and talent cultivation, and creates a favourable social environment for outstanding young people to unleash their potential in various areas. We will enhance communication and dialogue with young people, encourage critical thinking and rational judgment, foster them to be Macao's younger generation who are loyal to our country and to Macao, and dare to be independent, competitive and innovative.

(3) Strengthen the establishment of a long-term mechanism for talent cultivation

We will conduct short-, medium-, and long-term measures and policies on talent cultivation, to support adequate economic diversification. We will endeavour to nurture elites, experts, professionals and skilled talents, and continue to create development opportunities and upward mobility for Macao people.

This year, the Manpower Development Committee is launching an elite cultivation project, to sponsor relevant personnel to pursue overseas master's degree education at renowned universities. The Government will continue to facilitate the establishment of professional certification systems, technical skills examinations, and talent selection systems for various disciplines, encourage more people to acquire international professional licences, and nurture talents for different fields. We will continue to perfect our talent database, raise recognition of our professionals, and foster talent growth through competition. We have developed a liaison mechanism to invite Macao residents working abroad to return to Macao for visits and exchanges, and encourage them to return and pursue career development in Macao.

(4) Optimise health care system to improve Macao people's health

Under the administrative principle of "Improve medical services and prioritise prevention", the Government will expedite implementation of the Plan for Perfecting the Medical and Health Care System, one of our policy highlights for this year. Various projects for new facilities of the Islands District Medical Complex have either commenced tender process, been awarded tender contracts or entered the final design stage, and construction will commence in phases. Conde S. Januario Hospital's frontline medical staff hostel, Carmo Health Centre, and the infectious disease rehabilitation centre in Coloane Peak will be completed or commence operations this year.

Through constant cooperation between the three hospitals, training courses are provided to general medicine practitioners, and more efforts are being made to enhance training for medical specialists. We will consider the option of regional collaboration for establishing a common training base for professional medical personnel, to improve the capabilities of our medical personnel and facilities and our service standard.

We will enhance transparency of queuing for medical services, and set up a triage system to shorten waiting times. We will strengthen cooperation with non-profit medical services institutions, and increase quotas for subsidised services and beneficiaries of certain allowances. We will further divert non-emergency patients from public medical institutions to non-profit medical institutions, with the aim of providing the public with more timely treatment.

We will optimise existing elderly health care services, and launch a brand new elderly health care support hotline. We will proactively follow up on elderly patients' conditions, to help provide appropriate and timely treatments or referrals. The Government will also consider providing elderly health care services at health centres, and formulating a long-term strategy for the development of health care services for the elderly in Macao.

We will strengthen prevention of chronic diseases. Pursuant to legal requirements, we will review the Tobacco Control Law and propose a smoking ban for all indoor public areas.

We will conduct the third Macao Residents Physical Fitness Assessment this year, to gain insight regarding periodic changes and development patterns of Macao people's physical fitness. This will provide us with a scientific basis for developing our future sports and leisure policy and physical exercise for all. We will also improve relevant regulations, and raise the standard of sports training institutions to nurture local sports talents. We will continue to promote environmentally-friendly construction of sports venues, and facilitate well-rounded development of local sports.

V. Improve government administration and realise sound social governance

Time is moving forward, while Macao is developing into a better city. The objective trend and the Macao people both demand that the Government enhance its quality and standard of governance. The Government will follow the development trend, listen to public opinion, actively improve deficiencies, and raise its administrative ability and credibility.

Sound governance, both scientific and effective, is impossible without people's support and participation. We will enhance administrative transparency, and lawfully safeguard freedom of the press, freedom of publication and freedom of speech. We will also make greater efforts regarding policy research, enhance our responses in terms of speed and quality, and strengthen our ability in explaining policies, to ensure positive interactions between the government and the public. An integrated and streamlined

consultative structure will be implemented this year. We suggest regulating consultative bodies, specifying that each tenure should be two or three years, while the office of community members could last two to three years each term but not in any case more than six years, and each person shall not hold more than three consultant positions at the same time.

Rationalising administrative structure is the Government's policy highlight of the year. We will conduct comprehensive research on functional restructuring, transfer and merging of the entire public administration organisational structure, and improve cross-departmental cooperation mechanisms to raise public administration efficiency. Moreover, we will consider establishing a municipal organisation that is not an organ of political power in accordance with the Basic Law of Macao.

We cherish our civil servants. They are valuable assets of the Government. We will comprehensively review the entry and position allocation mechanism under the centralised recruitment system, consider amending the Civil Servant Ranking System, re-evaluate the pay and purchasing power of civil servants at all levels – especially those of junior civil servants, and launch subsidy measures at appropriate times. In addition, we will fully leverage the functions of the Civil Servants Salary Consultative Council, and conduct research on a civil servant salary adjustment system based on ranking, to motivate civil servants. We will also improve training to enhance quality of civil servants, so they can provide better services for Macao and its people.

We will establish an accountability system, to raise awareness regarding accountability of government officials at all levels, clearly define their administrative duties, and ensure proper coordination and implementation of policies. We will perfect the performance assessment system of department heads, combine the accountability system and the performance assessment system, to develop an administrative culture that emphasises on performance and balance of power and obligation.

We are keenly aware that Macao's legal system is not fully compatible with its economic and social development. The Government will strive to strengthen its legal system, and expedite promulgation of fundamental laws, especially laws that are related to people's livelihoods. Additionally, we will refine the Legal System for Public Works Contracts, to strictly monitor the progress of public projects. Under the principle of planning expenditure on the basis of income, as set out in the Basic Law of Macao, all expenses must meet the requirements of a surplus budget. We aim to complete the amendment of the Budget Framework Law and commence related consultation process, to strengthen monitoring and control of public expenditure.

We uphold judiciary independence, continue to improve software and hardware development, optimise judicial training mechanisms, and rationally formulate long-term goals for judicial officers.

As usual, the Government will emphasise building a corruption-free society, fully leverage the functions of the CCAC and the Commission of Audit

and actively support supervision of the Legislative Assembly. To maintain a just and corruption-free government, we truthfully accept being monitored by the public and the media, and will strengthen administration according to law.

We will steadfastly follow the stipulations of the Basic Law of Macao and relevant decisions by the Standing Committee of the National People's Congress. We will continue to raise the quality of democratic elections, foster a healthy election culture, listen to opinions from all walks of life and forge a consensus, with the aim of promoting democratic development of Macao.

Conclusion

President, members of the Legislative Assembly,

Entering a new phase of development, Macao will have to encounter hurdles in future. There are a wide range of problems arising from history and current development and the coexistence of superficial and deep-rooted conflicts. Nevertheless, our goals are clear. The Government is confident of combining our unique strengths with support from the motherland, and strengthening our competitiveness, and is united to move forward, overcome challenges, and promote Macao's sustainable development in various areas.

We are proud to enjoy the advantages of the principles: "One country, two systems", "Macao people governing Macao" and a high degree of autonomy. We also have a wise and hardworking population, and the achievements and experiences accumulated in the past 15 years since the establishment of the Macao SAR. All these lay a solid foundation for Macao to set course for its next milestone. We have to continue strengthening these pillars for Macao's development, and transform such advantages into sustainable momentum for our economic and social development.

Stable development is our approach, while integrated development is our entry point. While promoting adequate economic diversification, we must cultivate different types of talented people, improve people's well-being, maintain harmony and peace in society, and strike a balance between human development, ecology and the environment. The Government, together with all people of Macao, will jointly strive to improve our overall living standard.

We are honest about our shortcomings in governance, tackling all problems head on and proactively making improvements, and we never shy away from any great responsibility. We will move forward with innovative thinking, understand social issues, listen to public opinion, and implement scientific policy-making. We will uphold the principles of "putting people first" and "scientific decision-making" and accelerate governance system reform, strengthen interactions between the Executive Council and the Legislative Assembly, perfect our supervision mechanism, constantly enhance administrative transparency, and improve our quality and standard of rule by law.

We must step up our cultivation of younger generations, based on a firm belief, fully leverage the power of our loyalty to our country and to Macao, continue to converge public consensus, and enhance mutual trust and cooperation. We will also encourage women's extensive participation in social affairs, and fully leverage the positive role of women. Let us join forces with the whole society, and start our new journey.

President, members of the Legislative Assembly,

We firmly believe that, with the support of Central People's Government

and the concerted actions from all sectors of society, we will overcome all challenges. We understand the great motherland is always a strong support for a better Macao. The Government is confident and determined to work with Macao people to realise the Chinese Dream of national rejuvenation, and contribute more efforts to building a brighter future for Macao.

Finally, I extend my heartfelt thanks to the Legislative Assembly, the people 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.