

**Review of the Government's Work in the Fiscal Year 2014
and the Financial Budget for the Fiscal Year 2015
of the Macao Special Administrative Region (MSAR)
of the People's Republic of China**

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Preface

President, members of the Legislative Assembly:

The year 2014 marks the fifth year of the third-term Government of the Macao Special Administrative Region (MSAR). Looking back at the past five years, Macao has encountered various challenges and opportunities. With the full support of the Central People's Government, and the joint efforts of the Government and Macao people, we have achieved considerable progress. Despite room for optimisation, we are happy to see Macao is achieving sustainable enhancement in comprehensive strength, maintaining social stability, and improving overall quality of life. Based on the healthy public financial position, all local residents could share the fruitful results of Macao's prosperity and development.

As the term of this Government is coming to a close, I am now, pursuant to the Basic Law of Macao and on behalf of the Government, presenting the review of the Government's work in the fiscal year 2014, and briefly introduce the financial budget for the fiscal year 2015, for the consideration of the Legislative Assembly.

Part One

Review of the Government's Work in the Fiscal Year 2014

President, members of the Legislative Assembly:

In the following, I will briefly summarise the Government's work in the fiscal year 2014.

I. Establishing long-term mechanisms to pursue social wellbeing

This Government has established long-term mechanisms in five domains that are closely related to people's everyday lives, including social security, healthcare, education, housing, and cultivation of talents. The proportion of expenditure for six areas, including the above five domains together with public security and economic services, are increasing year by year, from 53.9 percent in 2010 to 67.6 percent in 2013. The Government is prudent in using public funds, hoping to make good use of resources for the benefit of all residents.

(1) Long-term social security mechanism

The long-term social security mechanism comprises the Social Security Fund, financial assistance, and social welfare. The Government is providing comprehensive support and multi-level coverage in order to improve security for people's basic quality of life.

In 2014, the Government completed the public consultation on the Non-mandatory Central Provident Fund System, formulated the Policy Framework for Retirement Protection Systems in Macao, and developed a 10-year action plan for elderly services, further creating a favourable environment for retirement protection and long-term planning.

The Government has fully implemented different measures to improve the economy and employment of the underprivileged, including people with disabilities and low income earners. We also launched a new temporary disability allowance scheme. Furthermore, we strengthened policies on retirement protection and sharing of economic growth. We built more homes for the elderly, to provide more support to home-based elderly services. In response to the increasing demand for child-care services, we increased subsidised places for child-care. We also closely monitored the land reserve for the construction and expansion of social service facilities and developed human resources. Embodying social equity and ensuring social stability, the Government strived for its policy-making principles of "economic growth to improve livelihoods".

With the efforts of the third Government and Macao residents, the establishment of the social security system has been expedited. Since the law on the social security system came into force in 2011, the first tier of the double-tier Social Security System was completed. The reformed contribution

system includes mandatory and voluntary contributions to extend social security coverage to all Macao residents. Meanwhile, the establishment of the Personal Provident Fund Account system laid the legal foundation for gradual building of the second tier of the central provident fund system. From 2010 to 2014, the Government injected up to 35,000 patacas into the personal provident fund account of each eligible MSAR permanent resident.

To better leverage the function of the Social Security Fund and enhance coordination of the related departments, an organisational adjustment was made so that the Social Security Fund comes under the portfolio of social affairs and culture instead of economy and finance.

To ensure the stability and sustainability of the social security system, the Government has injected a total of 37 billion patacas into the Social Security Fund in four consecutive years from 2013 to 2016, raising the contribution of gross gaming revenues to the fund from 60 percent to 75 percent, subject to budgetary constraints. Meanwhile, the Government increased allocation to the monthly pension, raising it from the initial 1,150 patacas to the present 3,180 patacas.

The Government has established a monitoring and adjustment mechanism for the minimum subsistence index, to provide a basis for adjusting financial assistance to help the underprivileged in a timely manner. Actions taken include formulating a 10-year Development Plan for Rehabilitation Services, and reviewing the disability assessment system to strengthen the rehabilitation measures and welfare system for the disabled. We also enhanced cooperation in social services with non-government organisations, to further diversify services.

The Government came up with an innovative administrative concept to integrate the contributory Social Security Fund, non-contributory financial assistance and universal social welfare, and implemented a long-term mechanism to pursue social wellbeing. With short-term, medium-term and long-term plans, social welfare is improved.

(2) Long-term healthcare mechanism

The Government actively implemented health policy, focusing on better medical services and prioritising disease prevention. We established a long-term mechanism for healthcare through establishment of a primary healthcare services network, provision of specialist healthcare, and implementation of public health control measures.

In 2014, Macao became one of the first regions in the Western Pacific to obtain the World Health Organization's measles elimination certification. The six health centres in Macao have also passed international accreditation. The Government continued to perfect the house officer training system and the registration system for related medical professionals, to improve professional standards of local medical teams. In addition, a smoking ban took effect on mass gaming floors of all casinos, and achieved initial success.

In the past five years, the Government continued to invest in enhancing administrative systems and optimising hardware and software facilities. We actively implemented the Plan for Improvement of the Medical and HealthCare System, and constructed the Islands District Medical Complex, the new healthcare centre, the specialist healthcare and rehabilitation centre for infectious diseases, and other facilities according to schedule.

All Macao residents now receive free medical care through a primary healthcare services network, which the WHO rates as a good model. Over 80 percent of the patients who seek treatment in the public hospital are provided with free specialist treatment and rehabilitation services. Conde S. Januario Hospital received an international accreditation in 2012, and continued to enhance its service quality. It further improved the environment for treatment services upon the commencement of operation of its Emergency Service Building. Services were expanded, and the waiting time for specialist treatments was shortened. The hospital also expanded its services for the elderly by setting up an out-patient geriatric speciality clinic. The health indicators, including average life expectancy, of Macao residents are currently ranked among the highest in the world.

To safeguard the interests of both medical practitioners and patients, the first reading of the Legal System for Resolving Disputes in Medical Incidents was passed by the Legislative Assembly. The Medical Affairs Council, which was established in 2013, is now discussing the Appraisal System for Qualification of Medical Professionals.

The Government promoted the family medicine system by offering healthcare vouchers. It increased provision of subsidies to non-profit medical service institutions by providing more than 500,000 subsidised places each year, thus fully utilised community healthcare resources. The Government also started preparations for developing an individual electronic medical records system for Macao residents, to improve the inter-institution medical transfer system.

Since the Prevention and Control of Smoking Law came into effect, there have been notable achievements in smoking control in the community. Through inter-regional cooperation by medical institutions, the Government will continue to enhance prevention of various infectious diseases.

(3) Long-term mechanism for housing

The Government is gradually implementing the housing policy of “homes for all in a contented society” through coordinated supply of public housing, Home-Ownership Scheme housing and private properties.

In 2014, the Government reviewed and conducted a public consultation on the Home-Ownership Scheme Housing Law. Adjustments to the New Urban Zone Area A Planning were made; this is forecast to supply approximately 28,000 public housing units, providing an important source of housing supply. The Government also completed the move-in arrangements for families allocated to the 19,000 public housing units. Along with the formation of a new public

housing community, construction of auxiliary facilities was expedited to enhance quality of life and for convenient transportation. In addition, a public consultation on the Bill of Strata-title Buildings Management was completed.

During the past five years, the Government stepped up housing construction, planned and developed “post-19,000 units” public housing projects, and accelerated processing of idle land. A new round of application for public housing was launched, and application for Home-Ownership Scheme housing was reopened to meet society’s demands. The Government also completed the amendment of Home-Ownership Scheme Housing Law, and established the Public Housing Affairs Committee. To relieve local people’s housing burden, the Government provided subsidies to families on the public housing waiting list, waived public housing rents, gave subsidised building maintenance, and reduced housing tax and stamp duty.

To facilitate development of the property market, and to promote systematisation, the Real Estate Agency Law and the Legal System of Commitment to Title Transfer of Buildings Under Construction were implemented. The Government also introduced the Special Duty on Transfer of Immovable Property for Residential Purposes and the Regulations on Stamp Duty.

(4) Long-term education mechanism

The Government strived to implement the principle of “letting Macao thrive through education”. It increased investment to develop a component system to establish a universal education network that includes non-tertiary education, tertiary education, vocational and technical education, special education, continuing education and lifelong learning. These will enhance Macao people’s competitiveness and improve their overall quality.

In 2014, the Government continued to push forward legislation on non-tertiary education. It promulgated the Framework of Formal Education Curriculum by-law, amended the Regulation on the Compulsory Education System, and completed a public consultation on the draft bill of the General Rules for Private Schools, which created favourable conditions for the development of private non-tertiary institutions. Through expediting the establishment of the tertiary education foundation, the Government framed a mid-to-long-term development blueprint for higher education.

Meanwhile, the Government gradually raised education and student subsidies. It also raised the subsidies for special education, and the amount and quota of scholarships for tertiary students. The second phase of the Continuing Education Programme was also launched, with the ceiling for subsidies increased to 6,000 patacas.

During the past five years, the Government actively promoted development of the non-tertiary education system. It implemented the 10-Year Plan for Non-tertiary Education (2011-2020) and the Framework for Teaching Staff of Private Schools of Non-tertiary Education, to upgrade teachers’ professional

status and remuneration. To prioritise its education investment, the Government increased its subsidies for free education, school fees and textbooks. Tuition fee subsidies, meal allowances, and textbook and stationery allowances were provided to students with financial difficulties.

The Government continuously improved the quality of higher education and followed up with progress on amending the law on the Tertiary Education System. It entrusted academic institutions to prepare guidelines for relevant projects and contents of the assessment system for tertiary institutions. The inauguration of the new campus of the University of Macau in Hengqin has added another driving force to facilitate quality tertiary education in Macao.

The stationery allowance for each tertiary student, initially launched in 2012, was increased to 3,000 patacas. Meanwhile, we accelerated the establishment of a talent database to forecast the supply and demand for talent. The Government attached great importance to healthy growth of young people and formulated the Macao Youth Policy (2012-2020). Students were taught to love the motherland and Macao and to undertake social responsibility, for the all-rounded development of young people.

(5) Long-term mechanism for cultivation of talent

With “Building Macao with talent” as the principle of talent cultivation, the Government fully implemented education development as an important means of cultivating talented people. Our first priority is to train local people to contribute to improving the economy and society.

The Talents Development Committee, which was established this year, formed a task force to foster talented people, professionals and technically-proficient personnel. We have connected with a number of world-class overseas institutions, and will nominate brilliant young people from various sectors to receive training or continuous education abroad. Meanwhile, directions were also set for outstanding individuals and professionals to further their studies in schools and related institutions in European countries. A talent information registration website was launched for the Government’s future reference. To develop guidelines and policies to attract talented Macao people to return from overseas, a liaison mechanism was created to communicate with local talents who are currently abroad.

While promoting the skill accreditation system and providing a second chance for education, the Government also advocated development of professional accreditation systems in various industries, including social work, construction, healthcare and property management during the past five years, to create better conditions for developing the careers of local residents.

II. Promoting adequate economic diversification and building Macao as a world tourism and leisure centre

The Government maintained steady economic development of Macao, strengthening its overall competitiveness and achieving sustainable

development.

In 2014, the Government organised the Eighth Asia-Pacific Economic Cooperation (APEC) Tourism Ministerial Meeting, enhancing the international profile and influence of Macao, and increasing its confidence in establishing Macao as a world tourism and leisure centre.

To foster the convention and exhibition industry and support small and medium-sized enterprises, the Government has launched different measures including the International Meeting and Trade Fair Support Programme, the Support Programme for Professional Training and Education in the Convention and Exhibition Sector, and the Financial Support for Small and Medium Sized Enterprise Websites. A Cultural Industry Fund was also established to provide opportunities for the development of the cultural and creative industry. In addition, the Government has launched a preliminary review of the consumer rights protection law. The Government has also made orderly progress in implementing a minimum wage. The bill on Minimum Wage for Cleaning and Security Workers of the Property Management Industry has passed its first reading by the Legislative Assembly. Besides, the Construction Industry Occupation Safety Cards system has come into force, with the aim of further preventing and reducing industrial accidents.

During the past five years, Macao still maintained stable economic development despite facing a volatile and complex international economic and financial situation. From 2010 to 2013, Macao's annual average domestic economic growth was 17.5 percent. The establishment of the Fiscal Reserve System has facilitated stability and soundness for both fiscal and financial conditions. The employment situation of local residents was favourable, as the unemployment rate remained low.

Promoting adequate economic diversification was the highlight of the Government's administrative policy. While balancing steady development of the pillar industries, growth of other industries including retail and wholesale, hotel, catering, construction, finance and other relevant sectors, has also achieved satisfactory results. Gross gaming revenue in 2013 was 360 billion patacas, while the gross revenue from non-gaming industries, including retail and wholesale, hotel, catering, construction and finance, was over 160 billion patacas, around twice the figure in 2009. The contribution to the Macao economy by non-gaming industries has been increasing after years of hard work. The Government will continue to coordinate and invest in policies and resources, especially concerning talent cultivation and technologies, to accelerate adequate economic diversification.

The Government continued to strengthen regulation of the gaming industry, to ensure healthy development and to inject more non-gaming elements into the industry to sharpen its competitiveness. The Government also made further efforts to promote the growth of other sectors, including convention and exhibition, culture and creativity, Chinese medicine, information technology, and logistics. Among all sectors, the convention and exhibition sector enjoyed the most remarkable growth. Increasing numbers of large-scale and

international conventions and exhibitions were held in Macao. The number of participants in conventions and exhibitions in 2013 was 1.5 times that of 2010. The State Key Laboratory of Quality Research in Chinese Medicine was jointly established by the University of Macau and Macao University of Science and Technology in 2010, to internationalise Chinese medicine, promote diversified economy, and raise the standard of science and technology in Macao.

To establish Macao as a world tourism and leisure centre, the Government has spared no efforts to help the tourism industry in expanding to international markets, actively promoting quality tourism, convention and exhibition activities, and comprehensive tourism. Through regional collaboration, we have developed routes for multi-destination tours to foster diversification of tourism products. Meanwhile, the Government also started formulating the Master Plan for Tourism Industry Development and set medium- to long-term development goals for the industry.

The Government strived to assist in the development and expansion of small- and medium-sized enterprises by optimising financial subsidies, business environment and human resources. Through establishing the Young Entrepreneurs Aid Scheme, the Government provides financial assistance to local young people who want to set up businesses but lack resources.

The Government attached great importance to protecting the proper rights and benefits of local employees, constantly reviewed the Labour Relations Law, and offered subsidies to low-income full-time employees. The Government also provided targeted vocational training, to optimise the training and promotion mechanism for local employees. Meanwhile, the Government continued to restrict employment of non-local workers as croupiers, and provided practical training and retraining opportunities for local employees in the gaming industry, to help them move upwards to managerial roles step by step.

The Government was highly concerned about the needs of the middle-income class. The Government has implemented a personal income tax rebate, to ease financial burdens faced by the middle-income group.

Moreover, the Government was committed to implementing various beneficial measures for local citizens to alleviate the burden of inflation, by expanding food supply channels, enhancing information transparency and protecting consumer rights.

III. Deepening regional cooperation and complementing regional strengths

Through strengthening regional cooperation, the Government leveraged Macao's uniqueness and advantages as a service platform, to enhance the attractiveness of Macao as a world tourism and leisure centre. By constantly improving the regional cooperation mechanism, the Government deepened and expanded the scope of cooperation and gradually removed constraints to achieve sustainable development, promote adequate economic diversification,

and improve people's wellbeing in the long run.

During the year, the Government further implemented the Framework Agreement on Cooperation between Guangdong and Macao. We enhanced communication and contact with specific authorities to facilitate cooperation in various areas. While participating in the development and construction of Hengqin and Nansha, the Government also engaged in the cooperative development projects of new districts of Zhongshan and Cuiheng. Guangdong, Hong Kong and Macao jointly organised the Tenth Pan-Pearl River Delta (PPRD) Regional Cooperation and Development Forum, representing the beginning of a new round of cooperation in the PPRD.

Over the past five years, the Government has been actively involved in regional development to inspire collaborative thinking and create a quality living area for the people's wellbeing.

The Government has stepped up efforts to forge a service platform for commercial and trade cooperation between China and Portuguese-speaking countries, and has successfully organised two Ministerial Meetings of the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries. Through establishing a commercial and trade service centre for SMEs in Portuguese-speaking countries, a food product distribution centre for Portuguese-speaking countries and a convention and exhibition centre to facilitate economic and trade cooperation between China and Portuguese-speaking countries, Macao fully demonstrated its functions as a platform for economic and trade cooperation. The Government took part in and supported the operations of the Sino-Portuguese Cooperation Development Fund, rendered support to mainland China and Macao enterprises investing in Portuguese-speaking countries, and encouraged businesses from Portuguese-speaking countries to regard Macao as a gateway for entering the China market.

The further implementation of CEPA and a supplementary agreement facilitated the integration of Macao and mainland China, leading to the introduction of the first batch of domestic helpers from mainland China, and the innovative expansion of cooperation in livelihood-related areas, including energy and fresh food supplies. The Framework Agreement on the Cooperation between Guangdong and Macao signed in 2011 helped launch pilot projects to stimulate comprehensive cooperation between Guangdong and Macao. The Chinese Medicine Industrial Park, a project of Guangdong-Macao cooperation, has attracted considerable investments. A total of 33 projects were recommended for development in the Guangdong-Macao Cooperation Industrial Park, providing Macao enterprises with further scope for growth. In addition to overall planning, the Government also planned major cross-border infrastructure, commenced construction of the new Guangdong-Macao border crossing, and introduced innovative border crossing models.

The Government supported Sichuan's reconstruction after a major earthquake, showing the strong bond between mainland China and Macao residents. The

Government attached great importance to and deepened cooperation with Fujian, Beijing and other cities and provinces in China. We also enhanced interactions with Hong Kong, and fully leveraged on the functions of the Macao Economic and Cultural Office in Taiwan.

IV. Building a liveable city to enjoy quality life

Constructing a liveable city is the shared vision of Macao people. The Land Law, the Urban Planning Law and the Cultural Heritage Protection Law, which became effective in 2014, aim to enhance land management and urban development. This is to facilitate the conservation and revitalisation of local historical buildings for complementing the overall and specific urban planning of Macao. The Law on Prevention and Control of Environmental Noises was promulgated to protect the environment and residents' health. To improve taxi services and combat illegal practices, the Government completed the consultation on the review of the Legal System Governing Taxi Services during the year, commencing amendments to relevant regulations while issuing more taxi licences.

Over the past five years, the Government has been actively developing Macao into a modernised liveable city, providing enriched lives to its residents and showcasing Macao's multiculturalism.

The Government continued to adhere to its "Public Transport First" policy. It introduced a "government-led and market-operated" bus service model via an open tender to offer fare discounts to passengers. Taking into account the discrepancy between the new bus service model and public expectations, the Government resolved operational issues to improve public bus services. The Government also expedited construction of the Light Rapid Transit System. Additionally, the Government enhanced the interconnection of ports of entry by sea, land and air, and promoted the construction of cross-border transportation infrastructure to upgrade transport facilities.

In line with the country's general environmental protection strategy and to strike a balance between development and environmental protection, the Government keenly promoted the action plans under the Planning of the Environmental Protection of Macao (2010-2020), deepened education on environmental protection and reinforced legislation and law enforcement. The Government also optimised the operation of the Environmental Protection and Energy Conservation Fund and strived to construct Macao as a water-conserving city. The Government also continued with the recycled water development project and promoted use of natural gas.

The Government spared no effort to solve flooding problems by improving drainage capability of sewers and municipal facilities in all districts of Macao. Besides, the establishment of the Food Safety Centre and the promulgation of the Food Safety Law strengthened food safety regulations.

The Government attached great importance to enhancing residents' physical

fitness. By following the dual-development policy of sport for all and competitive sports, the Government enhanced its support for sports by improving sports facilities and standards of competitive sports.

The Government promoted healthy development of the telecommunication industry by creating a favourable environment for integrating the three telecommunication networks. Furthermore, the Government enhanced science and technology standards in Macao by strengthening popular science education and making full use of the Science and Technology Development Fund.

The Government was committed to maintaining public order by strengthening technology for the police force, improving emergency response capacity for handling inter-regional incidents, and establishing and optimising cooperation mechanisms for law enforcement.

Macanese and Portuguese residents in Macao have made long-term contributions to the development of Macao. The Government respects different cultures and customs, and promotes harmony among ethnic groups. We work together with the public to build Macao as a safe, healthy and harmonious liveable city.

V. Persisting in scientific administration to enhance service quality

The Government upholds its administrative principles of “putting people first” and “scientific decision-making”, expediting public administration reform and pushing forward democratic political development.

In 2014, the Government strictly observed the stipulations of the Basic Law of Macao and the Chief Executive Election Law to conclude the election of the fourth-term Chief Executive. The Government also further integrated and improved the government structure by transferring cultural and sport related functions and facilities from the Civic and Municipal Affairs Bureau to the Cultural Affairs Bureau and Macao Sports Development Board, respectively. The Government continued to deepen the performance appraisal mechanism of department heads and enhanced its governance. Completing the technical process of revising and adapting Macao’s existing laws is beneficial for promoting Macao’s legal system.

Over the past five years, the third SAR Government has kept a close tab on public opinion and strived for social consensus, fully leveraging the functions of consultative bodies. The Government established the Policy Research Office to strengthen its research on policies. A spokesperson system was also established, and freedom of the press was highly respected and protected. The Government formulated the Guidelines for Public Policy Consultations, to improve the policy consulting system.

Civil servants are the precious assets of the Government. They are closely related to the government’s operations and Macao’s economic and social development. The Government paid special attention to junior civil servants

and adopted measures to relieve their livelihood burdens, and continuously improved the remuneration and welfare for civil servants.

On top of the research by relevant departments and academic institutions, the Government established a performance and efficiency management system, and implemented performance appraisal of department heads, formulating the relevant review benchmark and procedures. Meanwhile, the Government carried out the quarterly reporting mechanism on policy execution by different departments, to ensure the implementation of policies and measures, enhancing its execution capability and credibility.

The Government also formulated laws and regulations on government officials' accountability, including the general rules and regulations for principal officials and the code of practice for department heads and supervisors, basically forming a relatively complete officials' accountability legal system. The Government also amended the legal system on property and interests declarations, and established a personal property declaration system for major public office holders.

The organisation and operation rules of departments, including public administration, legal affairs, housing, healthcare, tourism, marine and water affairs, fire services and the judiciary police, have been appropriately adjusted to respond to social development trends. Meanwhile, the Emergency Response Committee, led by the Chief Executive, was established to enhance and improve the response to emergencies.

The Government strictly observed the Basic Law of Macao and the relevant decisions of the Standing Committee of the National People's Congress, to conclude the fifth Legislative Assembly election according to the Legislative Assembly Election Law.

The Government is fully supportive of the software and hardware establishment of the judiciary, formulated the General Rules for Legal Aid System, and set up the Legal Aid Commission. Meanwhile, the Government optimised the legislative coordination mechanism, formulated and revised major laws that are closely related to livelihoods, and amended important laws such as the Criminal Procedural Code and the Business Registration Code.

The Commission Against Corruption diligently performed anti-corruption and law enforcement duties, and improved the anti-corruption system in the community, to prevent and crack down on different power abuses and corruption. It also amended organisational law, expanded the jurisdiction of the Commission Against Corruption, and enhanced its function to handle complaints to the ombudsman.

The Commission of Audit strictly implemented audit and monitoring, strengthened ongoing audits, and constantly improved the audit work through measures like expanding the scope of audit through electronic techniques.

Part Two

Financial Budget for the Fiscal Year 2015

President, members of the Legislative Assembly,

I am going to summarise the budget arrangements of Fiscal Year 2015.

The policy address of Fiscal Year 2015 will be submitted to the Legislative Assembly in the first quarter of next year by the next Government. To ensure the stability and development of Macao, to maintain the daily operation of government departments and to meet all requirements of the law, the Government has formulated the basic fiscal budget of Fiscal Year 2015. The budget mainly includes the necessary administrative expenses for daily operation of government departments, the expenses which the Government has promised to settle in the coming year, and the allocated fund for the construction works that will commence in the first quarter of next year.

Meanwhile, the Government will continue to offer tax waivers and reductions, which were implemented in recent years, to ease the inflation pressures faced by residents and SMEs, and continue sharing economic achievements with the public.

First of all, the Government will continue to implement tax reduction measures as it did in 2014, including the 30 percent waiver on personal income tax 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, stamp duty on life or non-life insurance, and bank service charges; waivers of signboard taxes (excluding tobacco advertisements) for businesses; exemption from tourism tax for restaurants; waiver of the first 3,500 patacas of real estate tax for Macao residents; an increase in profit tax allowance from 200,000 patacas to 300,000 patacas; waivers of stamp duty 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.

The Government will also continue to implement a 60-percent rebate of personal income tax paid by Macao residents in 2014, subject to a ceiling of 12,000 patacas. Eligible residents will receive their 2013 and 2014 rebates in 2015 and 2016, respectively.

The implementation of the aforementioned tax cuts, waivers and rebates is expected to reduce Government tax revenues by 2.135 billion patacas.

Meanwhile, the Government will continue to offer bus fare concessions and electricity bill subsidies for residential households, and execute existing aid measures for underprivileged families, people with disabilities and low income

earners.

The Government will continue to implement the Positive Life Programme and Community Employment Assistance Scheme, and provide subsidies for eligible public housing tenants and families on the waiting list for public housing. We will also continue to provide education subsidies in the 2014/2015 academic year. The healthcare voucher scheme will also continue, and the Continuing Education Programme will enter its second phase.

After considering a suggestion from the Civil Servant Pay Council, the Government proposes to upwardly adjust each point on the civil service salary scale to 79 patacas in next January. The relevant bill will be submitted to the Legislative Assembly for deliberation.

As planned, the Government will inject an extra 13.5 billion patacas into the Social Security Fund. The Government will also open a personal provident fund account for each eligible resident and inject 10,000 patacas into each account as an initiation allowance. It is recommended that 7,000 patacas shall be injected into each eligible personal provident fund account as a special allocation next year due to budget surplus. Also next year, the Government will continue the Wealth Partaking Scheme and offer 9,000 patacas to each permanent resident and 5,400 patacas for non-permanent residents, and a 7,000 pataca pension for the elderly.

The above subsidies, allowances and wealth sharing will cost the Government around 11.419 billion patacas.

On behalf of the Government, the Secretary for Economy and Finance will submit the draft Budget for Fiscal Year 2015 to the Legislative Assembly for deliberation.

President, members of the Legislative Assembly,

With the concerted efforts of various sectors, the overall economy of the Macao SAR has maintained steady development. As of September 2014, the Government had a foreign exchange reserve of 129.2 billion patacas, and a basic reserve and excess reserve of 116.5 billion patacas and 128.1 billion patacas, respectively. Upon settlement of the budget of fiscal year 2013, the total excess reserve will reach 224.4 billion patacas, laying a strong foundation for the future development of Macao and improving people's livelihoods.

Conclusion

President, members of the Legislative Assembly,

Our country is in a time of rapid development. Macao people are sharing the growing dignity and joy of our motherland. The achievements of different sectors since Macao's reunification demonstrate the vitality and strength of the principle of "One country, two systems". Adhering to the rule of law, the Government pushes forward the establishment of the legal system, manifests independent judicial spirit, and safeguards the rule of law as a core value. We will wholeheartedly comply with, and implement, the Basic Law of Macao, uniting people from all walks of life to promote long-term stability and sustainable development of the Macao SAR. We strongly believe that through the concerted efforts of local and overseas Chinese, the revival of the Chinese race can be fulfilled!

In these five years, the third Government inherited the achievements from the ten years since the Handover. With huge support from the Central People's Government, we continue to deepen regional cooperation between Macao and mainland China, breaking through the constraints of Macao's small geographical area to seek more diverse development opportunities for Macao people and businesses.

China supports Macao to establish itself as a world tourism and leisure centre and a service platform for economic and trade cooperation between China and Portuguese-speaking countries, with the aim of diversifying Macao's economy. Our country also brings Macao into full play in the country's overall development strategy, by enhancing communication and cooperation between Macao and the world, and accelerating the pace of cooperation between Macao and mainland China, especially Guangdong Province and the PPRD Region. We will continue to enhance efficiency, striving for a win-win solution and opening up a greater space for development.

Macao has a prosperous future, which is encouraging. However, as economic globalisation progresses, Macao is experiencing rapid economic and social changes. The remaining historical and current issues are becoming more and more complicated, with diverse social demands. We need to pay attention to fairness and rational allocation of wealth in society, striking a balance between social and economic development. We need to optimise our liveable elements in establishing Macao as a world tourism and leisure centre, stressing environmental protection and cultural heritage conservation in the course of urban planning.

Young people are the future of Macao. The Government strives to provide education and training, life-long learning and upward mobility opportunities for them. As time progresses, young people prefer independent thinking. They possess critical thinking mindsets and proactively engage in social affairs. We persist in humanistic development, nurture different talents, reach consensus on loving our country and Macao, keep alive the tradition

of respecting the elderly, love and care about each other and achieve social harmony. We will continue to improve quality of life and the urban environment, take good care of the disadvantaged, share fruitful results and broaden our horizons. We should consider larger interests, converge our power to engage in and contribute to society.

The Government is fully aware of the needs of the people, especially the innovative mind for implementing the policy-making principles of “putting people first” and “scientific decision-making”, expediting governance system reform, and improving decision-making and enforcement capability in every aspect. We will deepen legal reform, improve human resources allocation, enhance the sense of accountability of officials at all levels.

The Government will strengthen anti-corruption measures through improvement of monitoring mechanisms, adhering to the rule of law and enhancing cooperation between administration and legislation, and the quality of governance.

President, members of the Legislative Assembly,

The principle of “One country, two systems” is an unprecedented great invention that needs to be perfected through practice. Firmly grasping this historical opportunity, we face challenges in a practical yet aggressive manner, and strive to take “One country, two systems” to a new stage.

Last but not least, I would like to take this opportunity to give thanks for the support from the Legislative Assembly, all members of the public, and our hard working civil servants. I would also like to show my heartfelt gratitude to the Central People’s Government and its offices in Macao, which have been supporting the development of the Macao SAR.

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