

**Policy Address for the Fiscal Year 2008
of the Macao Special Administrative Region (MSAR)
of the People's Republic of China**

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Delivered by the Chief Executive, Edmund Hau Wah Ho

13 November 2007

Madam President, members of the Legislative Assembly,

Introduction

During the previous year, with great support from the central government and the joint efforts of all Macao residents, the Macao SAR coped with unusual challenges. In response to the challenges, the Government reviewed, consolidated and revitalised the administration. At the same time, the MSAR has been making good progress towards its goals, in accordance with the principles of “One country, two systems”, “Macao people governing Macao” and a high degree of autonomy.

In the coming year, the Government will bear in mind our past experience and attach high importance to public participation, to continue with our implementation of all major policies concerning the well-being of the whole community. We uphold the spirit of scientific reasoning to flesh out our core value of “people-oriented” governance. We will work with all sectors to create a society in which the economy and humanity develop in parallel. We will forge a society that is characterised by material and spiritual prosperity across both individual sectors and the community as a whole.

Part I Review of the MSAR Government's Work in 2007

1. Summary of the Government's Work

Madam President, members of the Legislative Assembly,

First, I'll give a concise review of the implementation of government policies during the previous year. I shall ask the policy secretaries to later report to the Legislative Assembly members regarding details of work in specific areas.

In public administration, the Government fulfilled its pledges and launched the roadmap for reforms from 2007 to 2009. In response to developments within the administration, we have reinforced anti-corruption measures for civil servants, especially bureau directors, department heads and division chiefs.

To meet citizens' needs and demands, the Government consolidated the cross-departmental services, district services and one-stop services in related fields, to provide the public with a comprehensive service package that saves their time by bringing these related services all under one roof.

Through building websites, opening training centres, running incentive programmes, promoting creative projects and assessments of human resources, we strengthened our care, appreciation and motivation for civil servants

Regarding legal reforms: the central mechanism continued to play a leading role, while the professional impetus for reform was strengthened and community consultations were deepened. We have implemented centralised reforms in certain areas, resulting in higher quality and efficiency.

During the previous year, the economy maintained a high growth rate. An integrated tourism model has evolved against the backdrop of robust trade and commerce. Along with the sustained growth of the gaming industry, the economic structure has been steadily reengineered, and the convention and exhibition industry has made great progress. Other service industries have also developed quickly. Tax income was satisfactory, resulting in strong Government finances. The past year also saw a continual improvement in the business environment, strengthening of cooperation in external trade and bolstering of the MSAR's role as an intermediate trade platform.

Consolidating its efforts in different areas, the Government enhanced its services for helping local small and medium-sized enterprises to raise their competitiveness. The unemployment rate remained comparatively low, while the median wage has risen significantly. The Bill on General Regulations of Labour Relations, which is closely related to all employees' interests, has been submitted to the Legislative Assembly for examination and discussion. The Bill on Principles Governing the Recruitment of Non-resident Workers will soon be submitted to the Legislative Assembly. The protection of employees' rights and interests has been strengthened considerably.

The Government has improved the mechanisms for preventing and controlling

communicable diseases, disaster control measures, public health facilities and medical service standards.

Tertiary education institutions strived to improve the quality of education, cultivating talented individuals with global vision, creative minds and cultural knowledge. More overseas students are receiving education and entering university in Macao.

The Government initiated the provision of 15 years of free education and improved the hardware and software of elementary education. We continued to provide teachers with professional training and help them lessen their workload. We also promoted holistic development of young people, advocated patriotic education about the motherland and Macao, and created space for young people to demonstrate their abilities and creativity.

The Government increased financial aids and provided special allowances at the right time, promoting self-empowerment and self-assistance and strengthening the social security net and care for the underprivileged. We also took proactive measures to prevent and tackle problem gambling, and promote healthy and harmonious living.

The Government leveraged the benefits of branded arts performances, made the best use of local talents, and amplified the positive influence of arts and literature. We actively preserved the “Historic Centre of Macao” and advocated the universal value of world heritage. Our optimised services have gained recognition while cultural facilities have been accorded greater importance.

We have hosted the 2nd Asian Indoor Games, and run promotional programmes to support the Beijing 2008 Olympic Games. Professional and amateur sports have been developed side by side, encouraging citizens to participate in a variety of physical exercise and fostering the development of outstanding and young athletes.

The Government continued to improve the traffic network and increase parking spaces. Meanwhile, it came up with a refined proposal for the light rail system, and initiated integrated traffic control. The temporary ferry terminal on Taipa has been completed, while the airport expansion is in progress. The aviation industry continues to grow, resulting in a more diverse customer base.

The Government accelerated urban planning studies and initiated redevelopment of old districts. Assessment of land premium was revised, and land management was

enhanced. Meanwhile, the Government has launched the development of more public housing estates. The relevant departments are working closely with the Legislative Assembly, and collaborating in analysing land grants and contracting public works. The work is progressing well.

Telecommunications, technology, energy and maritime services developed with the times. The Government also doubled its efforts in promoting environmental protection, improving the living environment and facilitating urban modernisation.

The Commission Against Corruption (CCAC) strived to tighten monitoring of civil servants' ethics, and advocated the culture of a clean society. It spared no effort in investigating and uncovering major corruption cases. It helps the MSAR combat corruption, strengthen anti-graft culture, safeguard the rule of law and uphold a clean administration.

The Government strengthened professional training in audit work, revised related rules and regulations, and optimised the organisational structure of the Commission of Audit. We have completed a series of audits on major projects, accumulated valuable hands-on experience and attained higher audit standards.

Our efforts in the previous year were a continuation of previous efforts, and the starting point for the future. They reflect the fact that since the founding of the MSAR, the Government has shared one heart with Macao residents in persevering with our faith and hard work in order to achieve our common goals. We can take this opportunity to review the results of our efforts over eight years, enhance our self-understanding, leverage on current advantages, and head for the future.

During the seven years from 1999 to 2006, the gross domestic product (GDP) increased by over 100 percent. The unemployment rate fell from 6.3 percent to 3.8 percent, and has since dropped further, to 3.1 percent. The monthly median wage has increased by 36.2 percent. The median wage in the second quarter of 2007 was 63.5 percent higher than during the same period in 2000. The total savings deposits of Macao citizens have increased by nearly 100 percent. All these reflect the participation by the majority of Macao citizens in building Macao, and the great efforts they have expended in scoring hard-won achievements for their families and themselves.

Since reunification with mainland China, the Performance Pledge Programme had by September 2007 been implemented in 454 services from 44 Government departments.

By September 2007, 11 Government departments had launched 32 one-stop services. These reforms have improved the efficiency of public services, whilst reducing the inconveniences Macao residents experienced in using Government services.

Over nearly eight years, the average free education allowance received by students in non-tertiary educational institutions increased by over 100 percent. Starting with the 2007-2008 school year, Macao offers 15 years of free education. The free education scheme was launched progressively, and is now fully implemented, guaranteeing the right to education for the next generation of Macao people and reinforcing the foundation of knowledge and culture for holistic development of the community.

Attendance of public performances and exhibitions surged by over 120 percent from 1999 to 2006, from about 0.76 million to over 1.7 million people. During the same period, numbers of books in libraries and reading rooms increased over 2.3 times, from about 0.3 million to over 1.1 million. Numbers of visitors to libraries and reading rooms more than quadrupled, from about 0.61 million to over 3.1 million people. These statistics demonstrate the marked progress of the local cultural establishment, and reflect the more frequent usage of increasingly well-equipped cultural facilities by local residents. Consequently, a vibrant cultural life exists alongside continually improved material living standards.

In July 2005, the “Historic Centre of Macao”, which comprises over 20 historic buildings and public squares, was successfully inscribed on the World Heritage List. This demonstrates the value of Macao as a world-famous historic city. In the new age of the MSAR, it finally has international recognition. From 2005 to 2007, the MSAR hosted the 4th East Asian Games, the 1st Lusofonia Games and the 2nd Asian Indoors Games, in three successive years. This shows our resourcefulness and ability to host large international sports events, and the improved quality of our community.

Since the establishment of the MSAR, the Government has continually launched social care policies and initiatives. Even when the economy was in difficult times, we did not hesitate to allocate resources in this regard. In 2006, the Social Security Fund disbursed over 259 million patacas for various social welfare benefits, an increase of over 83 percent from 141 million patacas in 1999. Since the Single-Parent Family Support Network Pilot Scheme, co-organised by the Government and community organisations, was launched in 2003, we have handled 1,032 cases involving single parent families. In 2005, we launched the old-age allowance, in addition to pensions and other services for the elderly. We have also maintained strong support for medical resources, and are continually expanding community services. Since the establishment

of the MSAR, the Government has been increasing care for the general public, especially the disadvantaged.

Though the aforementioned are only some of the results of the administration's efforts, they highlight the exceptional journey we have travelled, and the stages we have passed through:

We have recovered from the economic slowdown lasting over 10 years prior to the Handover, and revitalised Macao, which now has a world-renowned brand as a tourism destination;

We have a satisfactory employment rate instead of the high unemployment rate, allowing a very large number of residents to work in their preferred jobs, receive unexpectedly high incomes and significantly improve their standard of living;

The next-generation of young people have opportunities to join leading enterprises, receive training in modern management, broaden their vision and improve their development;

The launch of 15 years of free education, continuing tax reductions year-after-year, and increasing inputs to various social welfare projects have lessened the burden on the general public, especially the disadvantaged;

The well-organised and personalised public services facilitate fairness and order in social life;

During the SARS epidemic and its global impact, we worked together with every sector of the community with one heart, especially medical staff, drove away the threat to public health and overcame the resulting economic difficulties;

The rapid development of the outlying Taipa island has led to a modernised and integrated district that functions as a satellite city;

Good public order has replaced the insecurity that characterised the preceding period; and

A stable and harmonious society has developed on the foundation of the rule of law, ensuring our residents can express their opinions and exercise their rights in a safe and

orderly environment.

The overall scale and depth of the MSAR's development was previously inconceivable. We can attribute our success to the vitality of "One country, two systems", support from the central government and the endeavours of all Macao citizens. These achievements have not only resolved the economic and public order problems experienced before the Handover, but also created many unprecedented opportunities. Most importantly, they have injected immense energy into Macao, and given the city prospects for sustainable development. These reflect the fact our basic principles and practices are pragmatic and reliable: they can stand the test of time and they are the only way leading to prosperity and sustained stability.

The past eight years are sources of abundant inspiration for the MSAR's present and future. It should be pointed out that most of our achievements are owing to the joint efforts of the Government and Macao residents, in caring about and resolving the problems and conflicts that occurred as society developed. This explains the MSAR's progress in resolving former social problems, though we will inevitably encounter new problems. Most problems are unpredictable and cannot be prepared for; some problems are short-term, and some are rather long-term. Only if we are alert to the accumulated effects of a problem and understand our lack of experience will we then focus on and bravely face a problem, and tackle it with necessary costs. So, the resolution of a problem is not a possibility but a certainty. We have proved this during our eight years of practical experience in the administration, and will continue to exemplify this in the future. Though meeting continual challenges, the MSAR Government will endeavour to attain sustainable, balanced and harmonious development.

2. Administration Experience

Since the establishment of the MSAR, the Government has made economic development its first priority. We have successfully turned the tide of economic slowdown, driven growth and enhanced prosperity. This policy direction and its related strategies met basic social needs and had widespread public support. However, as we did not fully grasp some important subjective and objective factors during the implementation process, imbalance and lack of coordination between economic development and other developments emerged. The development of the economy became comparatively one-dimensional. In future, it should be more diverse and comprehensive.

We have learned through experience that unprecedented opportunities for development are followed by unprecedented challenges. Challenges even come prior to opportunities. We must overcome the challenges before we can share the benefits. The development of the economy can provide the conditions to overcome the challenges, but effective solutions are of our own making, and require support by various factors.

When a comparatively traditional society with limited adaptability experiences rapid modernisation and transformation, a clash between the two different eras is inevitable, resulting in conflicts and frictions as in a collision of tectonic plates. Our forecasts, plus our prevention and deflection initiatives against these conflicts were inadequate. We were accustomed to relying on legal procedures without strengthening defensive lines against human weakness in the legal system, ethical system and policy implementation. We were lacking adequate scientific analyses, and so learned a hard lesson in our governance and anti-corruption drive. Plus, to a certain degree, our administration is technically oriented, and unable to upgrade to being politically oriented. It is not effective to use technical means to resolve difficult and complicated political questions. Finally, when different conflicts and problems have worsened to a certain extent, they will interact with each other, producing a chain reaction and snowball effect. As a result, they rock and damage the Government and society. This experience reveals the need to further enhance the administration's insights regarding new social developments, and respond faster and more proactively to the changes.

Our past experiences also show that we should increase our care for residents' needs and pay more attention to their concerns. We can actively leverage the interactions between officials and the people, to enhance the transparency of the administration and then reinforce our foundation of mutual trust. We can reduce mistakes and perform better.

Regarding the above self-examination, we will continue to perform reviews, make conclusions, and overcome various hurdles. In the years ahead, we will do our best to improve our administration.

Part II Administrative Outlines for the MSAR Government in 2008

In recent days, society has become more concerned about Macao's development problems, and the MSAR Government is seriously studying this radical problem. As we have recently stressed, economic development and improvement of people's

livelihoods are the MSAR's most important administrative objectives. Economic development and improvement of people's livelihoods have a complementary relationship and form the core principles of our administration. Only if economic development continues can people's livelihoods and well-being continuously improve. Only if people's livelihoods can continuously improve, can the residents of Macao can have adequate housing and pay for work. Only if the people's livelihoods continue to improve, can society maintain stability and harmony. Only in this way can the MSAR have the social environment needed for further development. The administration's first consideration is always the improvement of residents' overall quality of life. Therefore, when the Government actively develops the economy and improves people's livelihoods, we will work harder to drive scientific, coordinated and sustainable development.

We will be fully committed to implementing public administration and legal reforms. We will closely link those reforms to economic development and improvement of people's livelihoods. Through these efforts, we will make the reforms more scientific and responsive to people's needs. Our reforms will serve as the basis of a new society marked by general civic awareness and the rule of law.

The MSAR Government is highly concerned about the quality and sustainability of the economy. We will continue to improve the environment for investments, facilitate a diversified economy, accelerate optimisation of the economic structure, assist small and medium-sized enterprises, and protect the rights and interests of employees.

The Government will put more efforts into facilitating the rational distribution of the fruits of economic growth, helping residents raise standards of living, and assisting the disadvantaged. The MSAR Government is particularly concerned about education and training. We will spare no effort in improving Macao people's quality and competitiveness. We will encourage Macao residents to progress with the times and get ahead of the pack. We will adopt an innovative approach to strengthen consultations, expand the platform for collecting public opinions, encourage residents to participate in the development of the city, and unite all Macao people to drive coordinated and sustainable development. This is to ensure the successful implementation and realisation of "One country, two systems" in Macao.

As MSAR has a good financial situation, the Government will further improve the public financial management system. To better deal with future changes, we are determined to establish a financial reserve system. We will further improve financial

laws and regulations, and financial infrastructure. We will strengthen the control, prevention and suppression of money laundering, to ensure the financial market is safe and orderly.

In parallel with decisions based on scientific methods, the Government will strengthen statistical work, raise professional standards, improve the benchmark system, facilitate sharing of regional information and strive for accuracy to quickly respond to changes in economical development within the community.

Based on professional requirements of different sectors, we will use marketing skills to extensively develop cultural projects. Raising the quality of life and public tastes can effectively ease many types of social problems by enabling residents to live in spiritual wealth and health as they create and share the fruits of social development together.

While the Government continues to train elite athletes, we will fully leverage the advantages of our sports centres to motivate the public to participate in sports. This will help to improve citizens' physical well-being.

The Government is committed to raising the standard of medical services. We will also strengthen preventive and monitoring capabilities of the emergency services, and the responsiveness of public health services. We will consolidate public and private medical resources, to develop community medical services to safeguard the physical and mental health of Macao citizens.

In response to the complexity of society's development, the public security forces will improve their alertness, internal cohesion, staff quality and personnel management. We will strengthen intelligence, accelerate modernisation of equipment and devices, and closely cooperate with mainland, neighbouring and international professional organisations to build a preventive and responsive security network. To accommodate the increasing flow of visitors and imports/exports, we will accelerate expansion of entry ports and upgrade their services.

Protection of the environment and promotion of coordinated social and economic development are the obligations of mankind. These are also components of the MSAR's sustainable development strategy. After a restructuring, the environmental protection authorities will strengthen legislation, law enforcement, promotion of environmental protection and pollution control. We are committed to working with the

business community and the general public to preserve our environment, pursue harmony between nature and humans, and improve our quality of life.

Energy and water resources are not only focused on internationally, but are also real topics we must actively handle. Being a special administrative region, we are well looked after by the motherland and are guaranteed supplies of energy and fresh water. However, we must be clear that Macao lacks natural resources. There is a conflict between the need for sustainable growth and limited supply of resources. The salinity problem in the last two years makes us contemplate such issues. The MSAR Government will fully support our country's strategies to resolve the problems. In the meantime, we will do our best to raise local residents' awareness of energy and water conservation, doing our part to ensure sustainable development of our country and Macao.

Part III Key Administrative Policies of the MSAR Government in 2008

1. Reinforcing Economic Foundations for Optimal Diversification

1) Leveraging Unique Advantages to Optimise Diversification

Next year, in line with the spirit of our country's Eleventh Five-year Plan and opportunities arising from it, and based on actual needs, the MSAR Government will drive a diversified economy with stronger momentum by promoting integrated tourism, optimising economic and trade platforms, developing related service industries, and supporting transformations and upgrades of traditional manufacturing industries.

Leveraging and enhancing the unique advantages of integrated tourism and economic and trade platforms can mobilise other elements to revitalise and enrich our competitiveness. Under the circumstances of accelerating globalisation and our country's fast-rising status, this is the strategy through which Macao can avoid marginalisation, and gradually move towards a diversified economy to achieve sustainable development.

We must maintain and improve our service quality, to enhance tourism development. The Government will work with the industry to leverage, optimise and consolidate our tourism resources. We will continuously update the marketing strategy, raise

tourism management standards, protect consumer rights and interests, advocate regional tourism cooperation and develop diversified and quality international branding for Macao tourism. We will further explore and promote the human and cultural elements in our World Heritage sites. We will support and encourage local community groups to maintain traditional customs and celebrate events and festivals. We will very carefully plan and organise various types of arts events and activities. These are aimed at building Macao as a cultural tourism destination. Whilst developing the tourist markets in neighbouring areas, we will further enhance diversification and promotional programmes for the international market.

As an essential component of integrated tourism, the gaming industry is entering a new phase. However, we should clearly see the challenges from the fast emerging gaming business in other Asian countries. In the meantime, since Macao's gaming business was long operated as a monopoly, we need more time to accumulate management experience in the new era of liberalisation.

Facing both opportunities and challenges, the MSAR Government will carry out continual and extensive reviews and studies in the coming two years, especially on topics including the gaming business development model and licensing of gaming business employees. The Government will further strengthen management of the gaming business, and set higher requirements for all gaming enterprises. We should facilitate the healthy development of the industry while meeting the requirements for overall healthy development of the MSAR's economy. In addition to actively studying international management experience and introducing modern management methods and skills, we will first strengthen our legal system by updating related laws and enhancing supervision. The result will be all-round management of the gaming industry, to develop the industry in a healthy, regulated, professional and sustainable direction.

The healthy development of integrated tourism is also subject to the positive effects of the major tourism sectors on related businesses. We strongly support the development of industrial clusters to diversify our offerings of tourism products by promoting leisure, holidaymaking, sightseeing and shopping. The MSAR Government will expand the scope of businesses that enjoy benefits such as tax exemptions, interest subsidies and relaxed application requirements, by launching new financial and economic policies to support the development of the service industry.

The motherland strongly supports the development of Macao's economy and

continuously expands the scope of incentive policies like CEPA. The MSAR Government will further promote CEPA, and create new conditions to help small and medium-sized enterprises take this great chance for more diversified economic growth. The Government will make use of the Zhuhai-Macao Crossborder Industrial Zone to encourage Macao's industries to transform, upgrade and optimise their structures. These will contribute to Macao's long-term development by building balanced and stable foundations.

Following improvements in hardware and software, Macao's convention and exhibition business is developing and has high potential. The Government and the business sector will continue to develop the convention and exhibition business into another engine of growth. It will provide small and medium-sized enterprises and residents with new opportunities, facilitate the optimisation of Macao's economic structure, and drive logistics and related businesses to advance in synchrony. The Government strongly encourages local enterprises to participate in exhibitions, supports training of professionals for the convention and exhibition business, strengthens cooperation with businesses in the mainland, and promotes regional convention and exhibition events for win-win partnerships. The Government will also improve its coordination mechanism to provide better service and support. We will integrate unique local convention and exhibition events into international renowned exhibitions, to strengthen the internal linkage of convention and exhibition events, tourism programmes and other related businesses, so creating new branding for Macao in the convention and exhibition business market.

After sufficiently considering social concerns and consensus, evaluating international business trends and analysing various research results, the Government has decided to expend much more effort in promoting and developing cultural industries. We will first formulate a good development strategy, train professionals according to industry needs, and study proper initiatives for these industries. The development of cultural industries should be based on a proper division of labour between the Government and the community, optimisation of Macao's unique advantages, absorption of elements that are successful overseas, and a market-oriented strategy. We strongly support local small and medium-sized enterprises in cultural industries to develop cultural projects and design products reflecting Macao's uniqueness. We will make use of Sao Lazaro Area's favourable conditions to establish it as a trial area for the incubation of cultural industries. We will strongly support community groups to develop new businesses. We will also help famous restaurants, cafes and food stores to break fresh ground, and highlight Macao's culinary culture on the international

stage.

There is consensus throughout society that the economy should be properly diversified. However, this will take some time to achieve. Presently, we must adopt a visionary and pragmatic attitude so the Government, business sector, employers and employees can forge an alliance in achieving this goal step by step.

2) Intensifying Regional Cooperation to Create Multiple Win-win Situations

Active participation in regional cooperation and the establishment of a trade service platform are important MSAR Government strategies for facilitating a diversified economy. After years of effort, following the gradual development of city branding and improvement of overall economic strength, Macao is better able to provide regional partners with quality services.

In the coming year, based on experience in regional cooperation accumulated over the last few years, we will strengthen cooperation with regional and district governments in the mainland, particularly in the Pan-Pearl River Delta region, to enhance the cooperation of Guangdong-Macao, Fujian-Macao and Chongqing-Macao; fully support the work of the Permanent Secretariat to the Forum for Economic and Trade Cooperation between China and Portuguese-speaking Countries, and so ensure it serves as an economic and trade platform; expand cooperation with the European Union; and increase economic and trade links with ASEAN countries. We will further enhance our role as a trade platform, and explore inter-regional cooperation with different regions. Next year, we will hold the Macao International Cooperation and Development Forum for the Environment and Conservation Industry. This shows we are committed to promoting inter-regional and multi-lateral cooperation and synergy spanning Macao, the Pan-Pearl River Delta region and the European Union.

The Government strongly encourages local entrepreneurs to play active roles in regional cooperation. We do our best to create opportunities for Macao entrepreneurs to invest more conveniently in the mainland, and enjoy the golden time of our country's robust development; and encourage small and medium-sized enterprises in Macao and the mainland to form partnerships and jointly invest in Macao and international markets. Through regional cooperation, we can achieve breakthroughs in economic development.

Regional cooperation has already expanded from economic and trade aspects to

all-round cooperation. It not only provides convenience, but also an uninterrupted supply of the energy for sustainable development. The Government and society shall adopt more open attitudes, to actively participate in and support regional cooperation over the long term, for the benefit of the whole region. Through synergy and win-win strategies, we will in turn achieve overall development and progress.

3) Fully Supporting Development of SMEs

Small and medium-sized enterprises are the main components of Macao enterprises. Their development directly affects the healthy operation of Macao's economy, diversification of the business sector, employment opportunities, and society's stability and prosperity. So, the MSAR Government attaches high importance to their development, and actively supports them to achieve sustainable development.

Following the economic upturn and the favourable results achieved by local enterprises, many small and medium-sized enterprises have already benefited from the opportunities and made good progress. However, because of several factors, some are still facing ever-increasing business pressures. Therefore, the Government will take account of the current problems faced by small and medium-sized enterprises to formulate point-to-point assistance policies.

The Government will strive to provide training and referral programmes. We will improve the mechanism for and efficiency of applications to employ overseas workers, and the approval process, to ease the difficulties small and medium-sized enterprises encounter with human resources; improve and revise the SME Financing Scheme to help enterprises obtain financing and apply for loans to improve and transform operations, and upgrade business; accelerate reviews and amendments of laws and regulations that hinder the development of small and medium-sized enterprises; review the tax incentives and interest allowance programmes to help small and medium-sized enterprises lower operating costs; optimise the operating environment for small and medium-sized enterprises in parallel with improving and revitalising old districts; support businesses to adopt sound management systems, acquire international management standards, co-organise professional skills training, develop new technologies and upgrade current technologies, and help the small and medium-sized enterprises to boost competitiveness; further strengthen the functions of the SME Service Centre to provide bespoke services, help the SMEs develop and promote Macao branded products, and develop the mainland and overseas markets.

The SME Service Centre will serve as a communications platform, and enable small and medium-sized enterprises to express their requests and views. The Government will also strengthen cooperation with community groups to launch assistance programmes that meet the needs of local small and medium-sized enterprises.

A changing business environment is the norm with development. The MSAR Government will do its utmost to support small and medium-sized enterprises. In the meantime, we encourage them to continue with self-empowerment, adapt to changes in the business environment, and achieve sustainable development as society progresses.

4) Properly Resolving Human Resources Problems

Driven by the fast development of Macao society and the economy, the human resources problem is becoming more pressing with each day that passes. On the one hand, the unemployment rate is kept low and businesses lack manpower. Small and medium-sized enterprises face additional pressures. On the other hand, the rising number of overseas employees leads to concerns among local workers, and deepens social conflicts. In response, the Government has taken action, and established a new department dedicated to dealing with the human resources issue. Our research team will shortly complete the first phase of an in-depth study of population policy.

Regarding the imbalance between demand and supply of human resources: the MSAR Government absolutely makes local citizens' employment rights the first priority. We first employ and develop local human resources, prior to importing workers.

As investors are positive regarding the outlook for Macao, we expect the number of overseas workers will keep growing. Therefore, ensuring the employment, promotion opportunities and reasonable rights and interests of local employees, and easing the concerns of the working class are important duties in building a harmonious Macao. These are also the common responsibility of the Government and society as a whole. The MSAR Government is revising all related labour laws, to provide a legal foundation that protects local workers' employment and rights and interests. The Government will rally community support, increase related departments' resources, more effectively enforce the laws, and stringently guard against illegal workers and imported workers who violate their conditions of stay. We encourage the community to appreciate and reward the contributions made by workers. We will improve job referral services and employment assistance services, to gradually perfect our social

security system to reduce the burdens of local employees. Taking account of the close relationship between confidence and capability, the Government will introduce new concepts in career training, encouraging employees to acquire vocational and professional qualification certificates. We will help employees to upgrade their professional standards and competitiveness, and actively share the fruits of society's development.

Looking at reality, the flow of talent is a feature of globalisation. Even as we protect local workers' rights and interests, it is beneficial to Macao's current development to import overseas workers, especially skilled labour from overseas, in a controlled and regulated manner. As well as being beneficial to Macao's ongoing development, this can help raise the standards of local workers. To supplement Macao's inadequate human resources, the Government will continue to support enterprises, especially SMEs, as they import overseas workers in accordance with regulations. The Government is committed to improving the mechanism and legal system concerning applications for and supervision of imported workers. We will facilitate the efficiency of the related work, to meet the needs for economic development in this new age.

2. Improving People's Livelihoods and Fairly Sharing the Fruits of Development

The basic objective of economical development is to improve people's livelihoods; the fruits cultivated by Macao citizens should of course be shared by all people in Macao. In the previous year, as a result of several factors, the overall Government revenue was satisfactory. We now have the conditions to handle some important problems affecting people's livelihoods, allowing residents to more effectively and continuously share the fruits of development and gradually improve their standard of living.

1) Accelerating Measures to Ease the Housing Pressure

Adequate housing and employment are the expectations of all Macao citizens, and achieving both is among the major tasks of building a harmonious society. Investors are positive regarding Macao's prospects. The Macao real estate market has changed considerably, and is now very different from the real estate market immediately after the Handover. Many residents face housing pressure, and are worried about the future. The MSAR Government is very concerned about this issue, and will try every means to resolve the problem. To meet the challenge of an end-user market and an investor market jointly developing within the property market, the Government will guarantee

a sound legal system, information symmetry and fairness in the investor market. On the other hand, we attach higher importance to a comprehensive public housing policy, and will first resolve housing problems for residents facing financial difficulties. We are determined to overhaul the public housing development model, allowing the Government to take the initiative in the timely development of public housing units that are needed. The Government will soon amend the laws to eliminate the problem of profiting through public housing. We will ensure that public housing properly benefits the public.

The Government has pledged to build over 7,000 Home-Ownership Scheme Housing units by the end of 2009. We will try our utmost to realise the pledge. Building on this foundation, we will strive to build a further 19,000 Home-Ownership Scheme Housing units by the end of 2012, completing them in phases to meet citizens' needs. We will also accelerate construction of a batch of Home-Ownership Scheme Housing units to ease pressures on some young people who have an immediate need for housing in order to start married life. These units will be available for rental through the drawing of lots by eligible young people who do not own property.

2) Consolidating Efforts to Improve Urban Traffic

As numbers of tourists climb and there are evermore market opportunities, society faces major pressure from traffic. Our existing urban traffic system is already overloaded. The Government will stick to the principle of sustainable development, stress long-term benefits for the city as a whole, consolidate opinions from the public and professionals, introduce systematic, innovative thinking, and adopt an integrated approach to resolve the problem step by step. We will strive to break bottlenecks that affect citizens' livelihoods and hinder our sustainable development.

Since the Road Traffic Law came into force, the Government keeps reviewing related laws and regulations, with the aim of creating a better legal system for traffic control. Ensuring a good management framework is important in the early stages of this process. In addition to establishing an inter-departmental coordination mechanism, we will establish the Traffic Affairs Bureau next year, to take charge of traffic control.

To meet traffic needs, the Government will allocate more resources to improving hardware including the road network, parking spaces and other necessary facilities. We will actively implement the Priority Development of Public Transport strategy by building a closely linked and integrated urban public transport system. The new

system will be based on buses and taxis, supported by its backbone, the Light Rapid Transit System, and extended to include moving walkways. Each component has a specific role in enhancing the traffic flow. Before the completion of the Light Rapid Transit System, we will help the transport industry to improve bus and taxi services.

In addition to increasing public transport services, we will strengthen traffic management. With the intelligent traffic system, we can facilitate traffic diversion in terms of time and space. We will use policy-oriented promotions to encourage residents to use public transport as much as possible. We will also begin studying ways to limit the number of private vehicles.

In the final analysis, improving urban traffic relies on public support. We will ally with community groups to further promote traffic education to create a better traffic environment.

3) Expediting Urban Planning and Redevelopment of Old Districts

To achieve sustainable development for Macao and improve Macao residents' quality of life, the Government is determined to overcome the limitations of the city's small size and its high sensitivity to external factors. We will study how to develop a new and pragmatic city plan that is tailor-made for Macao's conditions and aims to achieve long-term development.

After the preliminary research was completed, we have studied the research taskforce's suggestions regarding ways to proceed. Next year, we will organise different departments, and embark on intensive research into Macao's urban planning and related legislation. We will keep an open mind in the research. We aim to absorb wisdom from the community, pursue the best results, balance urban development with natural and cultural environments, emphasise the city's characteristics and ensure its sustainable development. The Government is determined to realise a win-win situation between development and conservation.

Vast interests are involved in the redevelopment of old districts: at stake are the long-term interests of people's livelihoods and Macao as a whole. We shall be mindful of time efficiency, while ensuring gradual and orderly implementation and drawing prompt conclusions from experience as needed. In addition, we shall establish a statutory interests coordination mechanism to handle relations between various parties, and safeguard the interests of the disadvantaged. The related inter-departmental

working group is expediting work on drafting laws concerning redevelopment of old districts. We strive to bring the bill forward for public consultation and the legislative process next year, launching the redevelopment of old districts to a new phase under the protection of a new legal framework. The Government highly respects public opinions about redevelopment projects that take account of efficiency and gradualism. Therefore, we will undertake orderly execution of the plans, and make additional efforts in several pilot areas. We will give these areas a major facelift and improve the environment in the districts. The residents can then live in a more favourable, cleaner and neater environment. We anticipate that revitalisation will result in a much stronger economy in the old districts.

4) Ensuring Quality of Life and Reforming the Social Security System

Though the employment rate is satisfactory, Macao residents, especially the disadvantaged, are suffering from the pressure of soaring inflation. The Government is very concerned about the issue and committed to lessening the burden on residents. Based on the recent review of the special living allowance for poor families, we have decided to help the disadvantaged with additional resources – increasing the subsistence index by 20 percent on 1 January 2008, and increasing pensions and old-age allowances next year. The Government will also provide more assistance to three types of disadvantaged families, particularly single parent families. We will expand and strengthen our cooperation with community organisations, to deliver care and support to people in need.

The Government will consolidate professional services, integrate community resources, improve services and optimise the allocation of resources to more effectively respond to citizens' needs. We encourage people to become more self-confident and enhance their problem-solving abilities. We also advocate family harmony and promote a harmonious community environment. Through community and family support services, we encourage the elderly to lead peaceful and healthy lives; help women in need to improve their livelihoods and participate in the development of society; help youngsters in difficulties overcome problems they encounter whilst maturing; help the disabled deliver their potential to enjoy positive lives and earnestly care for their family lives.

Regarding retired citizens who have contributed to Macao's development: the Government and society should give them adequate respect and care. We should also make proper arrangements to reduce their worries concerning life after retirement.

When they can enjoy retirement, they will have more confidence in participating in social activities. In the light of this objective, the Government has decided to comprehensively review, reform and perfect the Society Security Fund. We will strengthen support for social security and provide a legal foundation for the community to love and care for the aged. We strive to develop a social security system featuring Macao's characteristics in synchrony with the level of Macao's economic development. This is the Government's pledge: to enable Macao's citizens to enjoy a comprehensive and sustainable social security system.

To ensure Macao citizens share the fruits of development fairly and continuously, and retirees' quality of life is enhanced, the MSAR Government has decided to introduce a non-mandatory central provident fund on top of improving the social security system. The Government will use a sum from the accrued fiscal surplus as seed money to launch the fund. In future, the Government will consider the current year's fiscal surplus in deciding whether or not to inject more money. Every eligible resident can open a personal account with the fund, receive his or her portion from the fund, and collect his or her accumulated account balance upon retirement. We anticipate building a two-tier social security system, comprising the Social Security Fund and the non-mandatory central provident fund, through which Macao citizens can enjoy the fruits of society's developments and more stable lives. We have promulgated the related bill, and are conducting widespread consultation. We hope different community sectors will come forth with their views on the bill, to help us meet the needs of our developing society.

The general public now expects the government to nurture local talent, and improve social services – which serves as a manifestation of our community's aspiration for progress. But it is noteworthy that achieving this dream will also take the persistent efforts by ambitious professionals, including frontline services providers such as teachers, social workers and medical staff. We realise that society's rapid and complex development demands much better service from frontline professionals. Such demands result in strong pressures upon them. To retain outstanding professionals in these industries, to enable the next-generation to receive quality education, and to allow residents to enjoy quality services, the Government will formulate the related framework for employees in social services. New initiatives include increasing the regular subsidies and grants for social services. We aim to raise teachers' and frontline services providers' pride in their professionalism. We encourage them to honour their duties and upgrade their abilities in serving Macao citizens with premier professional services.

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In addition to the long-term programmes for livelihood improvements and social security enhancements, the MSAR Government will also help Macao citizens to share the fruits of development through launching a series of short-term tax exemptions and reduction initiatives.

First, the Government will continue to cut personal income tax for all employed citizens by 25 percent, and waive business tax, hawkker licence fees, market stall rents, stamp duty on life insurance and non-life insurance, and stamp duty on bank service charges. Private businesses will still be exempt from signboard tax and restaurants exempt from tourism tax.

The Government has decided to implement a number of new tax relief measures. They include: a 100 percent waiver of real estate tax for owner-occupied properties and a 50 percent waiver for leased properties; an increase of the profit tax threshold from an annual revenue of 32,000 patacas to 200,000 patacas; an increase of the basic allowance for personal income tax from 95,000 patacas to 120,000 patacas; and stamp duty waiver on the transaction of properties for permanent Macao residents for the first three million patacas on the price tag (limited to residential properties and parking spaces). In addition, several wireless communications licence fees will be reduced. After launching these measures, the Government's tax revenues will be reduced by over 1.1 billion patacas.

3. Promoting the Spirit of Humanism and Improving Cultural Establishments

Regarding non-tertiary education; we will make further revisions to related laws in order to improve the education system. We will also enhance the role of consultative organisations so they can assist with policymaking. The Education Development Fund will provide more resources to help schools improve campus environments and facilities. Our holistic planning is aimed at improving the quality of teaching materials and facilitating reforms of curricula. Based on Macao's conditions, we will provide all-round support to students through synchronised development of 15 years of free education and quality education. We not only nurture students whose academic results are outstanding, but also provide ordinary students with opportunities to accumulate experience and unlock their potential for successful careers in different industries. We need good curriculum design incentive programmes to improve school management,

and training programmes for key teachers. We will further create systemic conditions to lessen teachers' living and work burdens, allowing them to focus on teaching. We hope our teachers can serve as life mentors, and continue to win respect from the community.

The Government is committed to improving campuses, curricula, students, teachers and other components of education, through fully developing small-class teaching. Our objectives are to narrow the learning differences amongst students, provide learning assistance, and improve students' academic performances in parallel with our social welfare policy. We will comprehensively raise the quality of Macao's basic education.

Regarding tertiary education: our core target is to nurture talented individuals with a sound knowledge foundation and creative thinking. By improving the education system and management, we can develop an army of high quality teaching staff. These teachers can pass their lifelong knowledge and experience to their students. We will focus on fortifying students' foundation of knowledge, theory, rhetoric, and methodology for logical thinking. With these advantages, they can develop the ability to learn by themselves, acquire creativity, effectively use information and think independently. Without compromising on our respect for academic autonomy, we will promote the curriculum development in humanities that were once ignored, such as history, politics, philosophy and religion. We will also promote scientific research in selected areas. We will expand reforms in tertiary education, facilitate exchanges with overseas institutes, and accelerate alignment of the local universities with international standards in developed countries, especially regarding their vision for development. In the past, the student grant schemes and scholarship programmes simply covered students from low-income families and students with outstanding academic performances. Now, to nurture local talent and to encourage young students – including those from middle-class families – to pursue knowledge and learn independently, the Government has also decided to establish a new student loan scheme that does not impose any restrictions regarding family income. Finally, we will conduct a full review of the current student subsidies, scholarships and loan programmes, to provide more quota for Macao students.

To deal with the ever-increasing cost of public morality due to the gaming industry, the Government will integrate moral principles with universal values from philosophies and religions in the east and west into our moral education. We will strengthen the training of teachers in moral education, and invite outstanding overseas

teachers to participate in establishing Macao's moral education. We will support various psychological training activities for youngsters to enhance their moral standards and mentality. We will combine efforts in preventing problem gaming with counselling services for problem gamblers, strengthen the functions of Government organisations and community organisations, and develop related community services. We will also improve the privacy protection mechanism, and encourage people with problems to seek assistance.

The Government makes it absolutely clear that it will allocate massive resources to protecting Macao's historic buildings and heritage. We will continue to refine the related policies, and inject resources. We are grateful for the community's active support in world heritage protection. Under no circumstances will any of our work and planning negatively affect our world heritage. We will also carefully preserve historical architecture and items of great value that are not included in the World Heritage List. Our principle is to proceed from protection of our World Heritage sites to comprehensive conservation of material and spiritual civilisations that comprise tangible and intangible elements.

While refining annual international arts events, we will also support local arts and cultural development. We will give priority to promoting local arts and culture projects that have high potential for development. We will place arts and cultural workers in important positions – and encourage more platforms for dialogue, value their opinions and suggestions regarding public arts and culture policies, provide sustainable hardware and software support, and enhance the extension and expansion of their artistic and cultural life. We will also strengthen inter-departmental cooperation and division of labour on different projects in the Government. In tandem with promoting amateur arts and culture activities, we will bolster the foundation of professionalism, to give rise to more outstanding works of art and culture.

Reading is of great value for improving a person's quality. All levels of officials must read more to seek inspiration for their duties. The Government will improve the operations and services of libraries, and carefully organise the construction of the new central library. We will continuously advocate reading, encourage the exchange of good books, and provide the public with more opportunities to enjoy reading.

Amidst the rapid regionalisation and globalisation of our city, the risks to public health are greatly increased. We will significantly enhance our disease control and prevention capacity and medical services, particularly the capacity to cope with

emergencies and rapidly spreading diseases. To combat the threats high-risk illnesses pose to citizens' health, we will also strengthen preventive work. To enhance public health, we should identify the signs of a disease in its earliest stage, and eliminate any chance for it to spread.

As we continue to develop professional sports, we will support different levels and forms of popular sports that suit Macao residents throughout their lives. We will promote healthy lifestyles, and teach children to value hygiene and physical health. We promote an atmosphere of happiness through helping others, enabling citizens to acquire happiness by helping others, and attain good health through happiness.

Regarding social work: we continue to improve all existing services to relieve the pressure of inflation on the disadvantaged. We will strengthen family and community services, supporting all walks of life as they encounter social problems. The development of Macao's economy and society is quite special, requiring us to strengthen our social services to tackle two conspicuous social problems: problem gambling and loss of values in youngsters. Both are separate issues, but somewhat inter-connected. We will follow every proven principle of value, and make use of effective methods that target the root of problems, to dilute these side effects of becoming a modern and prosperous city. Wrong concepts and behaviour can then be prevented and corrected.

4. Fulfilling the Government's Pledges and Improving the Standard of Administration

Next year, the Government will focus on strong administration. We will use the results of our work to demonstrate our pledges and performance. According to the Roadmap for Public Administration Reforms from 2007 to 2009, we will establish a high-level central coordination mechanism for public administration reforms. We will progress from this point, accelerate the reforms process, and improve policy coordination, consultations and evaluations. By strengthening anti-corruption mechanisms for administration and financial management systems related to public resources and market operations, we will build a clean Government with healthier morals. Through amending and enforcing related laws, we will strengthen the accountability system for bureau directors, department heads and division chiefs in systemic and disciplinary terms. The new system will be mandatory and enforceable rather than being based on senior civil servants' own initiatives. It will also be extended to cover retired or former senior civil servants to ensure that these officials honour their legal obligations

regarding the protection of public interest within a specified time. We are doing our utmost to build a more accountable Government for the public.

The Government has essentially completed the revision of the ranks and grades in general posts in the public service and specialist posts, including those in the public security forces. The related bills will shortly be submitted to the Legislative Assembly for examination and discussion. By revising these systems, we will improve the communication mechanism, central personnel management and fairness of employment conditions from the dimension of legal system to everyday public service. Within an environment of harmony, common goals and visionary prospects, civil servants will be able to deliver their expertise and perform well, resulting in them receiving more appreciation for their performances coupled with opportunities for promotion. After an integrated study, the Government has decided to raise each point on the public service salary scale from 55 patacas to 59 patacas. The related bills will be submitted to the Legislative Assembly for examination and discussion. Next year, we will also propose a scheme to increase allowances for civil servants. Also, we will strengthen central coordination and increase the number of teaching staff to provide training programmes to help the administration in handling internal and external affairs. The programmes will also be innovative and conducive to reforms. These will assist civil servants with adapting to the rapid transformation of society and providing effective world-class service.

Next year, we will continue to employ modern public administration initiatives through a coordinated mechanism, to develop extensive social services in the community. District Service Centres will gradually expand their services, and initiate inter-departmental cooperation and coordination. This will enhance the services' proactiveness and quality. In addition to the improvement of regular services, we will boost service standards in special situations.

We welcome citizens to use all possible mechanisms to submit requests to the Government, so helping to maximise the efficacy of government administration and avoid potential mistakes. When requests are reasonable and feasible, we should swiftly respond and iron out related problems. When requests are unfeasible or arise from misunderstandings, we should adopt a respectful, trusting attitude to patiently explain, seek people's understanding and erase people's concerns. Whatever the requests are, we should handle factual problems with a scientific approach, and handle attitudinal problems with compassion and reason founded on the rule of law. We will strive to handle both types of requests properly and provide adequate responses.

The Government will continue to perfect and accelerate legal reform. Under the rule of law, we strive to reconcile our reform targets with the means of reforms to give sufficient legal safeguard to each of our core values. Public administration reforms will be smoothly implemented. Alongside the anti-graft reforms in public administration, we will proceed at full speed to reform the laws involving the public project concession and monitoring related to market behaviour and business interests. We will eliminate the grey areas that can easily induce corruption. We will uphold the principles of fairness, justice and openness. We will make laws the weapons for protecting social justice and improving the administration. With the administration's "people-oriented" spirit, we are committed to formulating laws protecting Macao residents' rights to adequate housing and employment, particularly the rights of disadvantaged communities.

Whilst formulating or revising the related laws, we take account of compatibility with international laws and local social environment, as well as their feasibility. We will listen to public opinion and seek wisdom from people's experiences in life. Our reforms seek to meet society's everyday needs, and to embody the pragmatic vision for future development.

The judicial authorities are understaffed. The Government will train more, better judicial officers. In the meantime, we will work together with the courts and the Macau Lawyers Association to amend the related law, establish a practical mechanism and recruit eligible legal professionals to undertake the work of judicial officers.

The Government will further improve the anti-graft and auditing mechanisms as part of our efforts to enhance public financial management. We will upgrade anti-corruption work to international standards, actively prevent a variety of concealed corruption activity that may arise in the wake of rapid economic development, and strengthen anti-corruption and auditing monitoring of departments or administrative procedures that are more prone to corruption. The Government will expand the statutory power of the Commission Against Corruption, through legislation and legal reforms. The commission's jurisdiction will be extended to the private sector, in order for the Government and the community to play a bigger part in building a probity culture. We will redouble our efforts in fighting corruption and irregularities, especially through intensive, swift, powerful measures. We will more efficiently collect evidence against suspects in corruption cases. As soon as we have obtained sufficient evidence against them, we will immediately bring them to justice,

regardless of their positions in the Government. Lastly, we will further promote the concept of anti-corruption and maximise the effectiveness of publicity campaigns to build a clean society together with all Macao residents.

5. Encouraging Public Participation and Cultivating Civil Society

Cooperation and synergy between the Government and the community is the key to successful implementation of “One country, two systems” in Macao. The future sustainable development of Macao also hinges on the high participation of Macao residents in the MSAR’s affairs. The trends in society’s development make it crystal clear that Macao people are very concerned about whether public policies are made in the public interest. Macao citizens are now more demanding regarding the right to know and participation in public policies. We will continue to leverage public consultations to enhance Macao citizens’ democratic participation in public affairs. After one year’s preparation, the Government has decided to cooperate more strongly with district communities in consultations. The Government will establish the Consultation Committee of District Community Services; its backbone will be representatives of community sectors. The staff of district service centres will also join the new committee. The committee will work closely with the district service centres to deliver a consultation function and provide a platform for the elite young people to engage in district affairs. The Government will also enhance the intermediate function of community associations – creating synergy with consultation organisations and direct consultation. The Civic and Municipal Affairs Bureau will optimise the function of “district seminars”, to strengthen two-way exchanges between the Government and the public. Participation of officials in related issues will also increase.

To support and drive public participation in democracy, the Government will greatly increase the transparency of the administration. We will revamp and improve the release of government information. Measures will include expansion of information coverage, proactive explanations of policies and promotion of citizens’ awareness, understanding and discussion of issues concerning their daily lives. We will gather citizens’ opinions and respond to their requests, raising their desire to participate in consultations. We will expand public discussions and listen to different opinions. We will allow every community sector and every walk of life – including those who were previously ignored – to freely express their views. The Government and society can actively motivate each other to enable our policies and measures, from the design stages to the launch stages, to have public participation and widespread support.

Whenever we formulate important policies regarding the MSAR's future, we will carry out specific consultations and listen to elite groups in every sector and opinion leaders in society. The Government will continue to safeguard freedom of the press, allowing the public and media to oversee the performance of the administration.

To cope with the rapid and complicated development of society and the economy, the MSAR Government will build a stronger administration for better governance. The successful operation of "One country, two systems" requires Macao people's participation and support. A mature and healthy civil society can consolidate and harness its dynamic energy to drive the city's growth. So, we have only one choice: to build up a civil society for the MSAR to promote democracy and achieve sustainable progress. The initial experience of "Macao people governing Macao" enables Macao citizens to pay more attention to public affairs. This creates favourable conditions for the construction of a civil society.

A mature civil society needs active community organisations. It also depends on the widespread recognition of fundamental principles such as rational and open-minded attitudes, diversity and tolerance, common values, rule of law, democracy, self-respect and self-empowerment, cooperation and trust, mutual supervision and commitment. Civil society has long been germinating in Macao, which has a long history of community services. As a result, many universal values have already taken root in Macao. Nevertheless we should admit we are still in the early stage of internationalisation. There is a certain distance between Macao and developed countries. To realise true democracy in Macao, we should actively improve ourselves, broaden our vision, accumulate social resources and reach consensus within society. We are committed to establishing a civil society with local characteristics and meeting international standards.

In the course of building a civil society, the MSAR Government has several obligations. We will improve consultation work, enhance transparency and promote public participation. We demand that all departments clarify the relationships and division of labour between the Government and community organisations. The Government will do its best to undertake its duties, while proactively handing over to community organisations those jobs that can be more effectively done by the private sector. We will give more support to community organisations. In the meantime, we expect and encourage them to develop with the times, raise their standards and improve their services. We will forge a close partnership with the community organisations and Macao citizens to develop our civil society.

While on the road toward further developing the MSAR and sharing the fruits of development, citizens, interest groups, opinion leaders and government departments should fully present their requests or points of views, avoid being silent and participate in an adequate and healthy political scene. Every party should also have a broader and more visionary mindset, adopt the common values of the whole city's interests, long-term benefits and rule of law, go through an active consultative and democratic process to achieve the most reasonable win-win results. These steps can enable our civil society to operate effectively and progressively mature.

Citizens are the foundation of civil society. The development of civil society is directly related to citizens' quality. So, there is an immediate need to advocate civil awareness including patriotic thoughts concerning our country and Macao, citizens' rights and responsibilities, democracy and the rule of law. The MSAR Government will actively create the conditions for implementing civic education for Macao's citizens, especially youngsters. This will be the bedrock for healthy development of civil society. Next year, we will establish an organisation in the government structure to undertake the tasks of cultivating and developing civil society.

Conclusions

Madam President, members of the Legislative Assembly,

Macao SAR started without any experience but has undergone nearly eight years of robust development. We have seen complicated and assorted changes, absorbed invaluable experience, accumulated public wisdom and blazed a new trail. Today, the MSAR has basically finished its formative stage and entered a new phase with a clear development direction and increased social participation. The characteristics of this new phase are the three great values we have discovered and must follow during our extraordinary and unforgettable journey. They are fairness, equality of riches, and harmony.

The nature of fairness is based on the rule of law. Nobody will be ignored under the law. Everybody can receive proper and reasonable treatment according to their conditions, and treat others according to the same principles and attitudes. Fairness allows talented and outstanding persons to receive more appreciation and reward. The key point of equality of riches is that increasing numbers of people with different backgrounds and abilities take different courses to work hard and share the fruits of

developments. Consequently, despite all their differences, every one in society is eventually able to enjoy prosperity like brothers and sisters in the same family. Harmony is accompanied by commitment and tolerance. The key is to look beyond ourselves and consider others. Those who develop more quickly should actively take more responsibility and help those who develop less quickly. Those who develop less quickly should have the self-reliant and inclusive attitude to pursue progress and breakthroughs. Embracing and practising the values of fairness, equality of riches and harmony, we will be able to lead proud lives marked by benevolence, justice, dedication, uniqueness, meaning and purpose. We can also understand that what others gain is my gain; what others lose is my loss, prompting us to greatly treasure everything we jointly govern and own.

The Government will join forces with the community and take joint responsibility for transforming our hard-won achievements into sustainable power for long-term development. During our endeavour, unexpected and inevitable challenges will certainly emerge, especially in a free market economy. But challenges induce advances and improvements. We cannot give up the chance to grow and the obligations for our next generations merely because of our unwillingness to pay the cost of embracing challenges. We strongly believe if we firmly adhere to the Basic Law, have the support of the central government, and leverage all Macao residents' efforts, we will overcome all difficulties due to unbalanced factors in the course of development, thereby enabling the values of fairness, equality of riches and harmony to blossom in society. We will develop into a special administrative region abounding with care, scientific rationality and rosy prospects. We will attain another successful milestone for "One country, two systems", "Macao people governing Macao" and a high degree of autonomy.

Before I conclude this address, I sincerely express my gratitude to the Legislative Assembly, all the civil servants and citizens of Macao for their support to our Government's administration. I also wish to offer our sincere thanks to the central government and all its representative offices in Macao for their full support and strong guarantees for Macao's development.

That is the end of my report. Thank you, Madam President and everyone.