

Policy Address for the Fiscal Year 2002 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

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Policy Address for the Fiscal Year 2002 of the Macao Special Administrative Region (MSAR) of the People's Republic of China

Delivered by the Chief Executive, Edmund Hau Wah HO
20 November 2001

Madam President, members of the Legislative Assembly,

Today, I am pleased to attend the plenary meeting of the second term Legislative Assembly of the Macao SAR. Firstly, I extend my greetings to the new members of the Legislative Assembly. Now, on behalf of the Macao SAR Government, and in accordance with the Basic Law, I shall give the Policy Address 2002 for discussion by the Legislative Assembly.

Introduction

It is two years since Macao returned to the motherland, and the Macao SAR was born. In this new era and after some preliminary adjustment and adaptation, various aspects of society have gradually taken shape. The philosophy and values of Macao people are similarly taking shape. Most importantly, the principles of “One country, two systems”, “Macao people governing Macao” and “A high degree of autonomy” are broadly recognised and have infused the social behaviour and political culture of Macao people.

Macao society has restructured itself after its historic turning point. The accumulated experience of the public services has set them on the right track. Thus the SAR Government is able to address the related problems in its administrative work and – based on the background to and future of the new Macao – to evaluate Macao's advantages and limitations, potential and hidden drawbacks, opportunities and challenges. At the same time, and despite facing tight timeframes, the SAR Government should thoroughly consider the future arrangements for implementing its administrative projects. Given these conditions and requirements, we have proposed several forward-looking strategies that will underpin Government policies. I shall state them here in this policy address.

On the other hand, the SAR, as anywhere, will take on all possible challenges and create all opportunities for its development after becoming master of its

history. Clearly, the international situation has changed considerably recently, and nearly every corner of the world – Macao included – is inevitably affected and involved. Hence, the development of the Macao SAR is impacted by new variables, and economic recovery is slowed. To enhance our hard-earned success, the SAR Government will take pertinent measures in the new financial year to conquer both existing and forthcoming difficulties for Macao people, to eliminate obstacles for the development of Macao, and to stimulate economic recovery.

The Macao SAR Government has worked hard and achieved concrete results. Crucially, we have halted the decline in the vitality of our society, and have taken a strategic first step towards certain major reforms. “Consolidate the foundations and develop steadily” has been the guiding principle of Government policies. The needs of all parts of society have been responded to and balanced by the Government. All these efforts will be reviewed in this policy address, which reviews both the past year’s administration and our preparations for next year. At the same time, we will responsibly address our deficiencies. The amelioration of these deficiencies is of course an important part of future policy orientation.

Part I Summary of the MSAR Government's Work in 2001

Madam President, members of the Legislative Assembly,

I hereby provide a brief summary of the work of the Macao Special Administrative Region Government in 2001.

1. Improving public services and promoting a “public service” culture

During the past year, reform of public services has begun. This is founded on past improvements, and is exemplified by the initiation of performance pledges and complaints handling. At the very frontline of public services, we have gradually improved quality of service and established an accountability system.

Performance pledges contribute to the public service's ongoing efficiency, guaranteeing reasonable service to citizens who spend a reasonable amount of time and energy, so minimising inconvenience to them. Meanwhile, we have adopted an independent processing system for complaints, and assigned personnel to follow them up, ensuring that complaints are processed appropriately, efficiently and consistently.

Today, citizens already benefit from the public service culture and commitment of our civil servants promoted by the Government. Many civil servants who deal with citizens in person are efficient and friendly. The supporting workers are hardworking and professional, providing strong support for the front-end people and guaranteeing that citizens receive consistently high quality services.

During the past year, training for Macao's civil servants was rejuvenated. A series of training courses have been launched in response to new missions in the new era.

The training courses target the entire body of civil servants, to build a consistent view of their roles and a working culture. The basic concepts of the legal system of the SAR are taught to further their understanding of “One country, two systems”, “Macao people governing Macao” and “A high degree of autonomy”. At the same time, we ensure they appreciate the meaning and

importance of their work within the entire administrative framework. This effort instils the core administrative approaches into each operating cell of the Government.

For the first time, and in response to citizens' expectations, we have launched courses for all mid-ranking to senior civil servants. In the new era, Government administrative staff are expected to enhance their awareness of service and their leadership skills and to shoulder more responsibilities.

Audits were widely conducted during the past year. In Government agencies, improvements were seen in administration, discipline, punctuality, attendance and allocation of Government resources. Meanwhile, the Commission Against Corruption (CCAC) exerted its power by thwarting various kinds of unlawful activities, reasserting integrity as a pillar of the Government administration.

Administrative efficiency has been improved in Government agencies. Moral conduct has been widely promoted, which has in turn kept down residual misconduct and corruption. Civil servants abiding by the law and with self-discipline have received increased recognition – a practice that has boosted morale and improved services.

2. Establishment of public institutions

According to the law and administrative requirements, the structures of public institutions were to be established soon after the SAR was founded, to enable regulated, integrated and rational public administration.

The SAR Government has merged two similar public funds into the new “Macao Foundation”. This new body will allocate resources lawfully and effectively, cooperate with public and private entities, provide financial aid, and boost social progress. After relevant studies and reviews, we will replace the two provisional municipal councils established after the foundation of the SAR with the new Civic and Municipal Affairs Bureau, to streamline and extend the scope of municipal services.

Two disciplinary bodies – the Unitary Police Service and the Macao Customs Service – will be established this year. The establishment of the Unitary Police Service will reinforce unified command and synergies of the police force; the Macao Customs Service is now fully operational and, together with standardisation of import/export management, will contribute to the healthy

development of commerce in the SAR.

3. Maintaining order and law enforcement

Last year, the public security forces and relevant departments built on their past security achievements. Society is peaceful, with good order and stability, and a sharp drop in the rates of both violence and crime overall. Citizens, investors and tourists are satisfied with the evident improvement in local security. The civil protection framework has demonstrated extraordinary strength in the prevention and fighting of fires and damage by typhoons. After Macao's reunification with China, our uniformed services have become more disciplined and upright and have earned an improved public image. All public security departments are well coordinated, and cooperate efficiently with their counterparts.

The CCAC was active during the past year. Over 90 criminal offences were subject to new investigations during the first three-quarters of this year; many were transferred to the Public Prosecutors Office. The first SAR Legislative Assembly elections in September were facilitated by a series of CCAC measures. This year, more than 10,000 citizens and civil servants have attended CCAC seminars and training courses. Through tough anti-corruption operations and extensive publicity work, an anti-corruption culture is growing in Macao.

4. Embracing constant challenges and maintaining economic vitality

The decline in the global economy during the past year involved Macao's major trade partners, and was worsened by the September 11th attacks in the United States. Macao's export-oriented economy has inevitably been impacted, especially the export trade. Facing the tough challenge, Macao continues to show strength and maintain vitality in its economy.

The SAR Government has continued to improve the investment climate. The new commitment to services and the deployment of advanced systems such as Electronic Data Interchange (EDI) have enhanced administrative efficiency. Some financial departments have extended their service hours for the first time. The Government has modified and improved laws and regulations relating to taxation, external trade, finance, labour and social welfare. In the first half of this year, the number of newly established companies and their registered capital increased significantly. Applications for and approvals of investment residency have surged – not only introducing new capital, but also

stimulating the property sector, which had been slack for several years.

Orderly opening up of markets is a key factor in the improvement of the investment climate. In August, the local mobile telecommunications market was officially opened up to competition; this will ease the economic burdens on enterprises and citizens, and facilitate technical innovation and progress within the industry. After establishing the legislative foundation for the gaming industry, we are taking this industry forward into a new era through the implementation of a strict and fair tendering process.

Tourism developed satisfactorily in the first half of the year as a result of combined efforts by the Government and the tourism industry. The number of tourists, average expenditure per person, and revenues from the gaming industry have all increased. Related industries such as hotels and souvenir retail have also performed well. Civil aviation developed steadily through the first half of this year. On balance, the increase in services exports may considerably alleviate the impact from the decrease in commodities exports.

Macao's financial system has remained solid. In the face of the fluctuating international economy, foreign exchange reserves and the SAR reserve fund have been properly managed, yielding stable investment returns.

The problem of unemployment is difficult to handle at present, because the entire economy is still in its recovery phase, and the transformation of our economic infrastructure has resulted in some employment difficulties. However, the SAR Government is closely monitoring the problem and seeking solutions. We have expedited and advanced many public projects, producing thousands of jobs; mediation and training for the unemployed have continued; the Employment Law has been carefully followed. Applications for non-resident workers have been prudently examined and approved, and the number of non-technical foreign workers has been reduced. Illegal employment of non-resident labour has been severely punished.

5. Developing external interaction and enhancing regional connections

During the past year, external relations and regional cooperation have seen new developments. The Mainland-Macao Joint Committee on Trade and Commerce, which was founded in July, initiated commerce and trade communications between the central government and the Macao SAR.

Macao's cooperation with Guangdong, Fujian and Chongqing was further advanced. High-level liaison has been established between Macao and Hong Kong. A permanent "Guangdong-Macao Cooperation Group" and its subordinate special teams are already in operation. Besides promoting communications over daily affairs, both sides are researching and planning future cooperation. Cooperation between Fujian and Macao has been substantially boosted. Also, Macao has been increasingly widely acknowledged internationally. By October this year, 32 countries and regions granted visa exemptions for Macao SAR passport holders.

6. Summary of Government administration in 2001

In summary, the chief achievements of the Macao Government in 2001 were in the following areas:

Firstly, we have begun to reform Government services. With departmental operations, the Government has proceeded from the improvement of frontline services to the improvement of internal operations. In personnel quality, the Government has proceeded from specialised training to comprehensive political and public administration training. These reforms are expected to bring about significant changes in Macao's public service in the near future, and will pave the way for later advances in Government administration.

We have improved public services, and gained experience in responding to citizens' requests. The Government has probed the root causes of some urgent social problems, and has quickly alleviated them through cooperation with community groups and the affected communities. This effort has strengthened cohesion between social groups and bolstered the SAR's immunity against future problems.

Whilst strengthening internal cohesion, we are also cooperating with regions and nations outside Macao and opening up the local market. We are accumulating unique experience as the contacts between Macao and the mainland intensify, allowing Macao people to participate in and share the interactive development of the two regions under the "One country, two systems" principle. Macao's markets are opening to competition at an appropriate pace, according to the demands and feasibility of local development, infusing innovation into economic development and business management and helping create the aggressive business culture the city

needs. The first ISO certification earned by Government agencies; civil servants' training courses held jointly with Singapore; the commissioning of foreign consultants for policy research; the sustained fight against piracy and fraudulent trading; the preparations for the 2005 East Asian Games; and the application to include several cultural sites on the World Cultural Heritage List have all shown our spirit of exploration and willingness to meet international standards, promoting Macao's quality and growth in all areas.

Government reform was launched last year. Innovations have been seen in public administration, reducing a number of poor practices. While the overall development is wholesome, we are aware that certain conservative attitudes are obstructing reforms, and some over-aggressive attitudes may cause problems. Both need to be corrected to ensure that the reform is: forward-looking, within practical limits, and on the right track.

Some Government officers do not properly understand society's needs, or fail to manage their departments effectively. Others lack the initiative to solve problems or focus on analysis rather than taking action. Officials may follow established practice, rather than taking a lead. These situations have hindered the improvement of the Government administration.

Many current laws, regulations and procedures are unsuited to Macao's social development, and have hampered the administration and its work. A complete solution to these problems will clearly take time. However, we need to modify outdated laws and regulations and at the same time follow the current laws. Neither should be neglected.

The operations of Government agencies are still too rigid, and lack creativity and responsiveness. Many management officers simply follow orders and fail to act flexibly and on their own initiative. Officials often focus on covering up their mistakes, leaving their superiors to take responsibility. Some activity neither fully reflects society's needs nor helps citizens solve practical issues. Services often fail to meet citizens' needs. And some officials fail to empathise with the people they serve, neglecting shortcomings that cause inconvenience and poor efficiency.

Finally, the key strengths needed to improve administration – political acumen, a clear vision, decision-making ability, professional knowledge and insight by senior civil servants – should be increased, otherwise we may not be able to

adequately meet the tough administrative challenges of the 21st century.

Part II Priorities of the MSAR Government in 2002

The domestic and foreign economic landscapes have changed dramatically during this year. Economic conditions in developed countries and regions, including the United States, European Union and Japan, deteriorated rapidly, affecting Macao's export processing, air transportation, banking and insurance industries to various degrees. This adverse international environment has also slowed Macao's overall economic recovery. The operations of small and medium-sized enterprises, which account for the employment and livelihood of many residents, continue to encounter a variety of difficulties. Unfortunately, this situation will not end in the near future, and may yet deteriorate even further. Nevertheless, thanks to the unique advantages of our region, we are seeing some signs of recovery with a number of remarkable developments in new industries. We should also pay special attention to China's outstanding performance during this global recession. China's recent entry to the WTO presages a promising future for all of us. As a special administrative region of China, Macao will always enjoy strong support from the central government. With its significant geographical advantages, Macao will undeniably benefit from the prosperous development of its motherland.

Looking forward to 2002, where opportunities and challenges continue to coexist, the Macao SAR will focus its policies on stimulating the economy and helping local residents to overcome recent difficulties. The Government will adopt effective measures to deal with urgent issues relating to people's livelihoods, and will strive to solve other long-term problems. In this way, we can accelerate Macao's revitalisation. To achieve this target, the SAR Government will devote itself to promoting employment, developing cultural education, improving people's livelihoods, and ensuring social stability and development. At the same time, it will improve the quality of its own governance and the overall competitiveness of Macao society, to engender economic recovery.

Madam President, members of the Legislative Assembly,

1. Devoting to innovation to match economic restructuring

As society develops, our entire economic structure is undergoing changes to various degrees. In recent years, under the common impact of internal and

external factors, Macao's economic structure has experienced a dramatic adjustment. That our service industry has developed rapidly is clear. In the coming year, after a competition mechanism has been formally introduced to the gaming industry, we can expect to see benefits to the tourism and related industries. On the other hand, fundamental changes to the global garment industry's quota system in 2005 will inevitably influence the development of Macao's manufacturing industry. After careful observation and analysis of these changes in Macao's environment, as well as serious consideration of our region's many advantages and attributes, it is clear that an industrial structure is taking shape in Macao with the gaming sector as its "head", and the service industry as its "body", driving the overall development of other industries.

Successful economic restructuring will enable Macao to capitalise on its advantages and improve its competitiveness, enabling sustainable growth as we integrate with the global economy. Nevertheless, we have to clearly realise that economic restructuring is by no means an easy task. During this process, conflicts between old and new ideas, limitations in human resources and resulting employment pressures will bring many new challenges.

In the face of economic restructuring, the Macao SAR Government will pool the abilities of both the people and the Government itself to develop proper coordination of free market operations. To meet this challenge, economic and other departments must prepare well in terms of resource allocation, talent cultivation and ideology. In the meantime, they should also play an active role in improving our market environment, accelerating and assisting industrial enhancement and promoting employment. We must focus especially on our leading industries while still promoting the balanced development of all sectors. On the one hand, our policies and programmes must facilitate the development of service industries, while taking comprehensive consideration of other areas, including infrastructure, education, training, science and technology, and environmental protection. If we are to successfully develop our core industries, each of these social facets must cooperate rather than each one working separately. On the other hand, we must also streamline and support both old and new industries by maintaining a reasonably diversified and balanced industrial structure. Only in this way can we improve our industries' adaptability to external changes and resistance to risks.

During this social transformation, it is particularly important that we promote the natural spirit of initiative and innovation that fosters the vitality of Macao's small and medium-sized enterprises, and even of our whole society. Therefore, the SAR Government will offer further encouragement. To match the initial development of small and medium-sized science and technology enterprises in Macao, the newly established Science and Technology Committee, the Cyber-Lab of the Macau Productivity and Technology Transfer Center (CPTTM), as well as the Macau New Technologies Incubator Centre (Manetic) jointly established by the Government and local companies, will offer greater incubating support. Tertiary education institutions will also strengthen their research and development functions, while primary and secondary schools will promote innovative education. We must point out here that new initiatives and innovation are not confined to new industries. Traditional industries, Government departments and even individuals must also develop innovative thinking in order to realise the full benefits of this new paradigm.

In light of the objective analysis and thorough studies conducted by each taskforce, the Economic Council will put forward its strategies and measures for promoting economic restructuring, stimulating economic recovery, optimising human resource allocation and accelerating and supporting the development of Macao's small and medium-sized enterprises.

2. Enhancing the competitive environment to promote investment and employment

In facing new challenges, the SAR Government will fully support the region's industrial and commercial enterprises to help them overcome their difficulties actively and responsibly. It will adopt prompt and effective measures to revitalise the economy and promote business and employment.

Market conditions significantly affect business investments and are closely connected with our overall economic development. Therefore, it is the Government's responsibility to improve the competitive environment so that participants can utilise their expertise in a fair, orderly and efficient environment. Although the SAR Government has long been devoted to this, we acknowledge that Macao's market environment still needs further improvement in some areas. Recent changes in the international environment also require us to accelerate these efforts.

In the matter of our legal architecture, the SAR Government will prioritise the revision of a large number of outdated laws and regulations that currently hinder Macao's economic development. The SAR Government will re-deploy its human resources next year to focus efforts on the renewal and promotion of relevant laws and regulations that support economic revitalisation. It will give full reign to the spirit of service and improve its administrative efficiency to stimulate investment decisions. More public investment projects will be implemented in the coming year. The Government will increase the transparency of its tender procedures, while reinforcing supervision to ensure fairness and equality. After opening up the market in this way, the Government will monitor developments in the key fields of gaming and mobile telecommunications to help maintain a fair competition mechanism.

Concerning investment in this tough environment, the Government will continue to improve the transport system and promote investment and the construction of an information infrastructure. In support of its "open skies" policy, the Government will promote conditions to strengthen the competitiveness of Macau International Airport, particularly to accelerate the development of air cargo transportation and logistics. The design of the third Macao-Taipa bridge will be completed next year and will be followed by a tender offering. Other urban development plans are also being refined and implemented. The Government is committed to promoting the development of local information and telecommunications services, to reduce prices and improve services for Macao residents, and to further promote the development of commerce and industry. Additionally, the Government will establish an electronic certification authority to speed up the development of e-commerce in the region.

The SAR Government intends to take full advantage of, and cultivate, its precious tourism resources. Building on gaming and cultural tourism, the Government will work closely with local residents to develop tourist products, carrying out focused promotions, establishing strategic partnerships and improving service and training quality to give impetus to associated industries. At the same time, we will support new industries with good growth potential, such as the environmental protection industry and high value-added technological industries, creating new focuses for economic growth. The Government will promote sound development of businesses in other

industries, by applying appropriate support measures in accordance with each industry's actual development needs and the overall interests of society, while emphasising the goal of constantly striving to become stronger. In anticipation of possible substantial modifications in the manufacturing sector, the Government will conduct timely and thorough research to propose feasible responses.

By taking advantage of the increase in foreign investment last year, the Government will accelerate the revitalisation and overall recovery of the local economy by continuing to capitalise on Macao's unique advantages. It will also augment the strategy to attract foreign investment by acting as an active facilitator. At the same time, the Government will continue to monitor and support the operation of local SMEs. For business establishment and re-establishment, the Government will offer training and follow-up support in order to improve technical and management skills. To strengthen information provision and technical support, the Government will also assist SMEs to establish and expand their communications channels. Furthermore, in order to improve the competitiveness of SMEs and their employees, the Government will continue to promote and support the implementation of international standard certification systems, such as ISO certification, as well as internationally recognised IT examination centres and vocational skill centres for the tourism and hotel industries. Meanwhile, the Government will give its full support and cooperation to the activities of non-governmental organisations to assist SMEs.

The promotion of employment will remain the priority policy for Government in the year ahead. Unemployment in Macao has various and complex causes, and requires cooperation among many parties to tackle the problem. In the coming year, in addition to implementing the Employment Law, the SAR Government will further reduce the numbers of unnecessary non-technical foreign labourers, and will emphasise public investment projects. The Government will also implement large and cost-effective infrastructure projects and transportation network projects, including the new border checkpoint, the third Macao-Taipa bridge, a number of sports stadiums and renewal of the Inner Harbour. At the same time, it will actively create an environment that encourages the implementation of large private-investment programmes. In these ways and more, we will create an increased number of jobs for local employees and alleviate residents' current difficulties. Under the

challenging circumstances of today's economy, we will pull together. It is the Government's hope that, under these difficult conditions, employers will take into account the interests of our society by maintaining the highest-possible levels of employment and properly dealing with employee-employer relationships. We also hope that as many employees as possible will grasp the employment and reemployment opportunities offered to them. In this regard, the Government is able to help in career recommendations and in matching prospective employees with relevant social organisations.

3. Developing external relations and reinforcing regional cooperation

As a small island-type economy, Macao is open to the influences of globalisation. In order to deal with this situation, apart from relying on our own capabilities and efforts, we should also fully exploit regional cooperation.

The powerful economic growth of our motherland is where our hope lies. Making best use of the favourable conditions created by the principle of "One country, two systems", the SAR Government will properly utilise its mainland connections to take advantage of this unique bilateral relationship. In recent years, the accelerated integration of the entire Pearl River Delta, including Hong Kong and Macao, has been apparent. Macao should welcome and actively support this trend. In various respects, including regional labour distribution, geography, and its own market condition, the SAR Government has always attached great importance to its neighbouring regions, especially cooperation with the western Pearl River Delta. In the coming year, Macao will fortify and develop cooperation with these regions, including Guangdong, Fujian and Chongqing, to turn friendly relations into tangible achievement.

In order to play a unique role in the region's economy, we must also leverage and strengthen our own capabilities. Our strong and friendly international relations, especially with the European Union and Romance language-speaking countries, including East Timor, are another advantage for Macao. It is important to recognise that along with social development, foreign businesses also want better intermediation services. Building on advances in our language and commercial services, we must strive to attract quality trading and commercial service organisations to Macao, to realise our potential as intermediaries, and develop Macao as a quality regional service centre. China's entry into the WTO will enable us to develop our commercial

strength to provide intermediation services for SMEs from other regions and countries, including Taiwan, the European Union and Romance language-speaking countries, which want to enter the Chinese market. In the meantime, the Macao Trade and Investment Promotion Institute will foster conditions that encourage local enterprises to establish partnerships with small and medium-sized mainland private enterprises, to support their reciprocal approaches to those same markets.

Using tourism to lead regional cooperation, the SAR Government and Zhuhai will develop Hengqin Island. In addition, the regional tourism cooperation programme between Guangdong, Hong Kong and Macao will continue, and tourism training cooperation between Macao and mainland China, as well as the European Union, will be further promoted. Looking to the future development of local infrastructure and transportation, the Government will monitor the infrastructure planning of neighbouring regions, including Hong Kong and Guangdong, with a view to participating in and benefiting from this regional integration. The measures for simplifying customs formalities at Lotus Bridge are expected to encourage two-way traffic, both in travellers and cargo.

The growth of the knowledge-based economy supports technical cooperation between Macao and domestic and foreign organisations. The Eureka Programme, which has a high profile in mainland China and the European Union, will be held again next year. The programme promotes technological interaction between mainland China and Europe, and contributes to local technology development. Through practical exchange and cooperation with foreign partners, we will benefit in many areas, including our police service, civil protection, health care, education, culture and legal and judicial cooperation.

Opportunities in our prosperous motherland are mushrooming, as capital, technology and talent circulate more quickly with global and regional cooperation. Entrepreneurs in Macao must courageously adapt their ideology and operating model to grasp development opportunities in mainland China.

It is our long-term strategy to promote regional cooperation and embrace mainland opportunities, because these are closely related to the long-term and sustainable development of Macao. We must grasp every opportunity, but we should not expect quick results or care only about partial and local

interests. It is crucial that we achieve long-term development through mutual benefit and sincere cooperation.

4. Improving administrative efficiency and implementing major reforms

A stronger public service culture and improved administrative efficiency are sought both by Macao's residents and by the Government. In recent years, although the Government has improved its service in certain areas, it is still far from meeting residents' expectations and the more complicated demands imposed on it by the rapid development of our society. From next year, we will implement a radical and comprehensive transformation within Government to simplify the administrative structure while continuing with current reforms. For too long, overstaffed departments, overlapping functions and inadequate staff selection arrangements have limited our administrative efficiency and wasted a great deal of public resources. We will ask each Government department to put forward their own re-structuring proposals, and then implement change in each department accordingly.

Meanwhile, the Government is emphasising administrative responsiveness and concerted efforts within and between departments to improve public services. We will improve our service efficiency by encouraging a more modern administration through regulation and standardisation. This will require better departmental organisation, efficient administration, and improved service quality and flexibility. While we work to raise the quality of our civil servants, we are also attaching great importance to the earliest realisation of "electronic government".

We especially need to emphasise here that any improvement in administration must be closely linked with the urgent needs of residents and our society at large. We must introduce interim arrangements that improve service efficiency within current laws and regulations, before these are amended. Next year, the Government will introduce an integrated service to simplify the administrative formalities for buying and selling of property and for business registrations. Specifically, we as a Government openly favour the integrated service model and will introduce it to other fields as soon as possible.

Despite the current difficult circumstances, each department will conform with current laws and regulations in the conduct of its operations and service.

However, when conditions allow, they will take vigorous action to adapt appropriately. Bearing in mind the rambling administrative procedures that exist today, relevant departments must actively research and coordinate to eliminate as many unnecessary procedures as possible, while defending our legal system and ensuring service quality and security.

The Government will also make important preparations for Macao's legal transformation next year. We will expand our consultation channels by inviting more experts to conduct thorough research on the direction of Macao's legal transformation and to give their professional opinions in line with the demands of our social development. At the same time, the Government will introduce a spirit of service to this legal transformation by releasing information concerning plans for the formulation and amendment of relevant laws and regulations and their schedules.

Macao now faces dramatic changes and a series of challenges, both internal and external, and the Government must evaluate uncertainties and take precautions as it pursues its development plans. To achieve this, next year, the Government will prepare thoroughly for hardship and each department is implementing a risk-management policy to improve its flexibility, coordination and planning capabilities. Only then will we be confident that the Government can offer its people the needed help at any time and under any situation.

To foster a spirit of public service and to nurture a culture of service quality, we will continue to encourage civil servants to pursue the principle of 'Putting the people's interests first'. For now, legislative procedures regarding the Civic and Municipal Affairs Bureau are under discussion. The Government believes that, apart from providing a daily routine public service, this department will also vigorously promote various projects concerning people's livelihood, reflecting the Government's policy that the people are the central focus of all administration. Meanwhile, we will accelerate our examination of laws and regulations regarding public servants to improve evaluation, promotion and reward mechanisms for civil servants. Once complete, action will be taken against personnel who underperform, while excellent personnel, including those who show self-improvement, will be rewarded or promoted. Consequently, the Government's service culture will keep pace with international best practice, while fundamentally consolidating and strengthening the spirit of our civil servants.

5. Improving living standards and ensuring social harmony

Our citizens' living standards and our region's prevailing social harmony are closely interrelated. In the new administrative year, the Government will do its best to prevent the further degradation of citizens' living standards, and even strive for improvement. The Government will also strongly encourage public participation in programmes that raise living standards and create new opportunities for enjoyment.

Rational urban planning and its measured implementation will help Macao to develop appropriately and will enhance its living environment. We are now planning facelifts for a number of districts in the coming year, tailored to local needs. We hope the beautification and considered transformation of old districts will improve the local business and housing environment.

The Government will study, and adopt measures to alleviate, the economic burdens in citizens' daily and commercial activity. It will continue to work closely with the community to create favourable conditions for residents to set up their own businesses, to stimulate a diversified retail market that bears Macao's unique characteristics and offers inexpensive but elegant merchandise. Consequently, more residents and tourists will come to the SAR for shopping and entertainment, stimulating local consumption and rejuvenating the market.

We must also do our best to solve various problems concerning our urban environment, aiming to improving living standards and develop Macao as a beautiful city for tourists. Traffic problems have troubled residents for a long time. Congestion, for instance, is extremely serious in certain periods and areas. In addition, the shortage of parking space has become a headache for many drivers. The Government will play an active role in improving traffic conditions by gradually refining the traffic network with a closer focus on traffic-regulating measures. It will implement road safety education and enforce charges against violators of traffic regulations. It will also speed up its research on reducing exhaust emissions to make environmental improvements at the earliest possible opportunity. The relevant departments will continue to follow up on serious problems, including noise pollution, city sanitation and food hygiene, to work towards an ideal living environment.

Macao's public medical and health system is also outdated. The Government is now actively researching how to transform this situation as soon as possible. Traditionally, Macao has not had much science and technology development. Therefore, it is the Government's priority to improve local medical skills to enhance patient care. Through training, exchanges and strengthened management practices, we will improve the quality and efficiency of our medical care while reducing medical errors. The Government will further strengthen its management and monitoring of drugs to improve the processing of medical complaints and set in place a supervisory mechanism to protect the rights and interests of both patients and medical workers.

Effective disease prevention measures will control the occurrence of diseases and ease the pressure on medical organisations to provide patients with treatment and nursing. The recent occurrence of dengue fever has reminded all of us that we must not overlook disease prevention measures. The Government will set up a disease prevention and control centre to fortify the territory's existing measures. It must be remembered, however, that the health of a society depends on the general attitude of its residents towards keeping healthy. The more they care about health, the less they will suffer from illness. For this reason, we will vigorously reinforce health education to teach our citizens about the preciousness of good health and life, so that they will take the initiative in caring for their personal health and overall public hygiene.

Since employment and livelihood burdens are still serious social problems, we will not relax our efforts in supporting social security and social work, and the budget allocated to this important function will not be reduced. The Government will continue to help residents and the underprivileged who are in difficulty. At the same time, it will take the initiative to show understanding and support for residents who need assistance. We will put the restructuring of the family service network at the top of our agenda by increasing care for the elderly living alone and reinforcing professional services for teenagers and children. Naturally, the Government will also offer great support and encouragement to non-governmental bodies engaged in long-term voluntary social services.

As a historic and cultural city, Macao's cultural heritage should naturally be part of residents' spiritual life. In the coming year, the Government will make further efforts to popularise cultural life. We will encourage residents to participate in the promotion of local history and culture, enhancing their

awareness of the value of cultural heritage, the importance of cultural heritage protection and the development of basic art education. Emphasising the improvement of cultural knowledge, the Government will continue to organise outstanding cultural activities to enhance public appreciation of culture and art, thus helping more people become culture and art lovers.

The international community recognises the important role of large sports events in improving the overall strength of a society. Macao has started preparing to host the East Asian Games. The Government will make use of this grand international sports event to leverage the development of local sports. We will build more sports grounds for various sports activities and extensively promote sports to the general public. We will promote the advantages of sport, such as improved health, increased willpower, the cultivation of an enterprising spirit and the development of personal interests and potential, to residents - especially those who are not in the habit of doing physical exercise. To succeed as a host of these Games, apart from the provision of facilities, we must also introduce high-level athletics policies to upgrade the standards of our local athletes and judges, to develop our capability to organise such events.

The maintenance of satisfactory living standards depends on good public order. Since reunification, public order in Macao has improved significantly, but we cannot sit back and relax. The gradual opening up and development of external contacts will potentially expose the region to instability and criminal syndicates. We must be aware of danger even in times of safety and take steps to reinforce our police service even when society seems tranquil. This is vital if we are to demonstrate our will and strength in fighting crime and allowing lawbreakers no opportunity to exploit our society. Only by doing this can our residents contentedly live and work in peace and enjoy a comfortable and orderly environment.

6. Nurturing the younger generation and fulfilling individual potential

Comprehensive and sustainable progress for Macao depends on the quality of our citizenry, which ultimately depends on the standards of our education system. Upon reunification, the Macao SAR took over the education of younger generations, with the support and contribution of various educational bodies. However, along with its social evolution, Macao must continue to achieve breakthroughs in education if we are to succeed in future hard times.

In tertiary education, the priority must be the improvement of educational quality. We will always adhere to the principle of “making no class distinction in education”. Nevertheless, we also need to improve our teaching standards and assessment criteria to significantly improve discipline levels, so that students’ knowledge and talent can better serve society, and students’ employment and future development is more secure. We will adopt appropriate teaching methods to expand students’ knowledge. We must also make more effort to reinforce students’ practical skills and language training to improve their flexibility in society. Educational institutions should create conditions to improve teachers’ quality and establish a teaching team mainly composed of teachers with doctorate degrees. In the meantime, they should attract international scholars, accomplished in research and teaching, to teach in Macao. We will likewise develop our tertiary education institutions to become scientific research bases and continue to promote local scientific research, especially when applied to major problems of local interest and social importance.

As a young person of the right age enters a high school or gains employment, he or she depends on the knowledge that comes from long-term education. Therefore, the Government must re-evaluate the education system to realise the benefits of state educational provision. We encourage all primary and secondary schools in Macao to boost their educational quality and set up proper teaching criteria to meet the demands of today’s continuously improving tertiary education. With the freedom to make unhindered decisions, we call on each school to develop their unique advantages and engage in appropriate competition to develop an independently managed and quality school system that offers students and parents greater choice.

We are aware that educational standards are not necessarily enhanced by the giving of a lot of homework. We suggest reducing unnecessary homework, so that students can spare more time to gain knowledge of various fields beyond their textbooks. Government departments are now jointly planning and looking for an ideal location in which to construct a “Science and Technology Museum for the Youth”, where teenagers can explore the mysteries of science in a comfortable and enjoyable environment. We are also considering the construction of a multi-purpose library at the same location, to provide students and residents with ideal facilities for learning, relaxation and entertainment.

The education authorities and local schools will increase cooperation into understanding likely causes of truancy, implementing improvement measures and providing timely and effective counselling support.

Teenagers' educational and societal development has a far-reaching influence on our society's future. As Macao opens up and develops, some teenagers will inevitably go astray, for various reasons. The Government, schools, families and society at large must not overlook the moral and civic education of our young people. Communication, understanding, caring and support are often better than stereotyped preaching. In this regard, the Government will guide young people to develop healthy interests in art, sport, science and technology. It will also provide the essential resources and facilities that will enable young people to participate in healthy activities and, if possible, grow up to become celebrated individuals in their chosen fields.

It takes talent to win in today's competitive international environment. Our society must emphasise the need for talented people, providing them with opportunities to use their expertise to build Macao into a city of talent, a city that can continually sustain and attract talent. To achieve this goal, the Government will continue to develop adult education and lifelong education to improve local residents' skills and ability to compete. We will carry on developing the competitive environment and our human resources, giving talented people the chance to develop their expertise and realise their potential. We will also introduce talented expatriates, according to the needs of our society, and with careful monitoring. These people will help accelerate the development of Macao and assist the growth of local talent. Regarding civil servants, the Government will continue to appoint genuinely talented people, whether they are newly recruited or transferred internally, empowering them to fully utilise their precious abilities.

Part III United and Confident -- Striving for Prosperity

Madam President, members of the Legislative Assembly,

The impact of the global economic downturn is increasingly evident in Macao. In the near future, enterprises are likely to endure a harsher business climate, the general public will bear heavier burdens and the Government will face greater hardships. Therefore, we must be pragmatic, realistic, and mentally

prepared for these challenges. In confronting difficulties, we can neither leave things to chance nor be unrealistically optimistic – which would invite certain defeat. However, it is unproductive to pessimistically apportion blame. We need to quickly adapt to the changing environment, bravely confront reality, work hard to become stronger, explore new opportunities and strive to achieve prosperity in a bid to extricate ourselves from the current predicament and embrace a bright future as soon as possible. In fact, opportunities usually accompany challenges. As the old Chinese saying goes, “Good fortune lies within bad; bad fortune lurks within good.” This enlightened saying reminds us to provide the conditions that will transform challenges into opportunities through cooperation between the Government and all citizens.

Macao will certainly overcome its current predicament and achieve great success in the future, but achieving this goal will require many favourable conditions. Crucial among these is to enhance the overall quality of Macao and its society. In the past, Macao benefited considerably from its favourable geographical location and good fortune. In this new century, without advantages in politics, economics, culture and society, the new era will abandon us, consigning Macao to history. The challenges we now face have encouraged us to pay more attention to such quality enhancement; we have every reason to believe that poor quality has become an obstacle to our future progress. In view of this situation, quality enhancement has become the cornerstone of the forward-looking administrative policy formulated by the SAR Government. This policy aims to raise the overall quality of Macao society, including the quality of the Government.

While the importance of quality enhancement has been widely acknowledged, it is not easy to put into practice. In the past few years, globalisation and the knowledge-based economy have transformed the world economy. China has consistently adhered to the policies of reform and opening-up. Consequently, the national economy has grown steadily. In the climate of rapid development both at home and abroad, Macao must go all out to catch up. At the same time, though, we have found that many factors – including our own limitations – have distracted us and interrupted normal administration as we try to adapt to the ever-changing environment. Under intense pressure, the situation may seem beyond our ability. As a result, social systems and institutions do not adapt quickly enough, shortcomings are not attended to, and quality is not widely improved. The worldwide economic recession has slowed Macao’s

development this year, but it is also a good chance for us to recuperate, adjust and build up our strength. We should grasp this opportunity to carefully consider our situation, and to work out timely and appropriate measures to redress our shortcomings. Furthermore, we should raise our competitiveness as soon as possible and prepare to confront challenges and stride confidently ahead.

Each of us needs to improve in different areas and in different ways. But in this era of the knowledge-based economy, all citizens must constantly enrich their knowledge and improve their professional skills through lifelong study. As for enterprises and government departments, raising efficiency and the quality of products and services has become crucial and urgent if we are to secure a strong position against global competition.

I would like to address particularly the importance of mental toughness. Life is full of vicissitudes. Neither favourable nor adverse circumstances will last forever. Under adverse circumstances, we should be calm, optimistic and relaxed: this will enhance our ability to endure hardships, allowing us to seek a way out and return to the road to success.

The Government should fully support and cooperate with citizens' active participation in quality enhancement programmes. Apart from striving to improve the quality of schools, the Government will make great efforts to intensify training in management and employment. Training is not a temporary expedient, but a long-term strategy to maintain and raise overall competitiveness. The departments concerned should design training courses that are appropriate, practical and far-reaching, with reference to the direction of economic restructuring, the requirements of regional labour and the development trends of different industries. What's more, we should better manage the coordination of training programmes so as to avoid courses overlapping or being impractical. We should make full use of our valuable resources and boost the efficiency of the training programmes. Additionally, the Government will carefully consider accreditation of certain professional fields to steadily improve our professionalism, and appropriately enhance the status of qualified professionals.

As a responsible government, we are keenly aware of the current situation of all industries and our citizens as a whole. The SAR Government is particularly concerned about and sympathises with those enterprises and people in

especial difficulties; this topic is top of our agenda. This young government, without abundant funds and reserves, will spare no effort in taking relief measures. The abovementioned focal points of next year's policy represent a timely response to the current social situation.

In view of the tough business environment and living conditions, the SAR Government has, after careful consideration, decided to adopt the following short-term measures in addition to its long-term strategies, to help people through the hard times:

1. Reduce income tax for all employees by 25 percent next year.
2. Reduce real-estate taxes on each industrial and commercial unit and household. Real-estate taxes of less than 500 patacas will be waived.
3. Waive signboard taxes on all businesses next year.
4. Waive all business taxes next year.
5. Waive tourism taxes on Chinese and western restaurants next year.

The above measures to reduce or waive taxes will decrease Government tax revenues by 250 million patacas next year.

6. Allocate an additional 10 million patacas to give special assistance to three types of families in particular hardship: single-parent families, the disabled and those with bedridden family members.
7. Increase the budget for cultural and educational resources for students by 10 million patacas, to give more support to poorer students.
8. Allocate 400 million patacas for an additional 4,000 places on structured training courses that target unemployed individuals who have not yet finished secondary school or who are in the service industry, and graduates of tertiary education institutions who are still unemployed. The Government will spare no effort in arming these people with rich knowledge and stronger competitiveness to get or change jobs, assisting them to gain employment in tourism, services and other industries.
9. The Government will boost infrastructure construction, with an overall investment of 1.6 billion patacas next year, 1.2 billion patacas of which will be injected into infrastructure investment projects. The Government will ensure the initial implementation of these investment projects during next year through effective measures and intensified supervision and control.

10. As well as job creation initiatives, the Government will also vigorously encourage and cooperate with large-scale private investments, thus providing about 6,000 new jobs next year to ease the suffering caused by unemployment.

As a responsible government, we should be committed to the above steps, but they are by no means a cure-all. What we must do now is to try our best to ease people's burdens and strengthen their confidence in the future. Furthermore, we should abide by the financial policy of "standing by the people during hard times," and tighten the Government's control over administration costs, while mobilising resources for relief measures. The resources of the Government are taken from the people and are used for the people. Therefore, we strongly believe that the support we give to our fellow citizens is also an investment in Macao's future, and will prove to be a part of the very foundation of Macao's rejuvenation and prosperity.

We should continue to emphasise the principle of "Putting the people's interests first", and further implement this in both long-term and short-term policies. Besides, when our people's businesses and life are suffering, we should pay special attention to social trends, listen attentively to the populace's earnest wishes, and understand their specific difficulties, in order to continuously improve our administrative policies. Civil servants at all levels – who are also a part of the people – should go all out to better serve the people, by empathising with their needs.

Without the combined effort of the Government, all civil servants and our fellow citizens, we cannot overcome the current adverse circumstances and quickly achieve comprehensive economic renewal. In fact, the Government's administrative policies, including all those above, require a testing period and cannot be immediately effective. We sincerely request that our people show understanding and cooperation. We have learned from both the positive and negative experiences of the international communities and our neighbouring region that the sustained development of society depends on social stability and harmony, as well as people's team spirit and cooperation.

Furthermore, in difficult times, we should be especially optimistic about our prospects, believe in Macao people's intelligence and abilities, and jointly safeguard our social benefits. We believe that our optimism, self-confidence,

solidarity and enterprising spirit will enable us to overcome the challenges of adverse circumstances and social conflicts, repairing any damage, and allowing us to making good decisions and face down any attempt to make trouble.

Since its establishment, the SAR Government has cooperated fully with its citizens to seek solve its difficulties, leading Macao to sustainable social stability, and sound and steady development, despite the pressure of many challenges and unresolved issues. In these adverse times our people clearly understand the need for social change and reforms, and are showing commendable consideration and support for the Government's administration and planning. Persistent and down-to-earth, our people cherish Macao and each citizen stands tall as master of its affairs. This is the heart of Macao's vitality. We have complete confidence that Macao will overcome all the difficulties and march towards a glorious future.

Conclusion

Madam President, members of the Legislative Assembly,

Since the Government of the Macao Special Administrative Region was established, its executive authorities have maintained an effective relationship with the Legislative Assembly, blending interaction, division of labour, and cooperation. By undertaking different roles and corresponding responsibilities, we have spared no effort in pursuit of the interests of Macao people. And we will ensure that these efforts continue to benefit the community. The Government will work closely with the Legislative Assembly in its new term, learning from the assembly's work, to build a sound administration that serves the whole community.

Before I conclude my policy address, I reiterate that the Government of the Special Administrative Region is steadfast in upholding the Basic Law under the principles of "One country, two systems", "Macao people governing Macao" and "A high degree of autonomy". We shall take the immediate interests of Macao people and the stable development of Macao into account and strive to accomplish the 2002 administrative goals, cementing our achievements in 2001.

We are confident that Macao's potential, and favourable external factors, will enhance its status as a modern metropolis in the next few years. Led by

tourism and gaming, all other industries will flourish. We anticipate significant capital inflows, management advances in various industries, a substantial recovery in the employment situation and improved internal and external transportation networks. With China's accession to the WTO, Macao's role as a trading platform will be greatly enhanced. Conferences and exhibitions, environmental protection and other high value-added industries have great potential. The SAR Government will initiate several infrastructure projects – including sports facilities for the 2005 East Asian Games – to modernise Macao and boost the city's reputation. The young people of Macao are enthusiastic to learn. The SAR's new and highly educated generation will demonstrate their talents and capabilities in various areas, driving the overall quality of Macao people to new heights.

The Government administration will keep pace with social progress. In the next few years, the Government will implement comprehensive and systematic reform of legislation and administration to improve the quality of Government services and reduce the cost of social development, leveraging Macao's strengths. Although all the improvements might not be achieved overnight, the main thrust of the reforms is clear and decisive. The quality of the public service is a crucial part of the reforms, and though individuals progress at different rates, the overall quality will continuously improve. Overall, Macao's potential, effort and focus guarantee it a bright future.

The future just described is not a fantasy, showy propaganda or a mirage to comfort people. Our future prospects are based on our current situation and are derived from the people's pragmatic working attitude. There is no reason to be pessimistic and to give up our fighting spirit merely because the bright future cannot be realised in a short time. On the other hand, we know we cannot obtain the rewards from development of the community or the administration without any effort, even if we have the right people at the right time in the right place. So the critical issue for our success tomorrow relies on the ability of individuals to seize opportunities, stick to goals, have foresight and keep pace with community trends and directions. These abilities are the foundation of our confidence, the target of our efforts and the crux of the long-term well being of all Macao people.

Last but not least, I would like to extend my sincere appreciation to our diligent civil servants and the community for supporting the Government administration.

Thank you.